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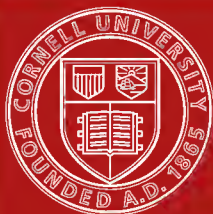
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# LIBERTY AND PROGRESS



# LIBERTY & PROGRESS

BY

C. Y. C. DAWBARN, M.A.,  
|||

*Author of "Oneiros : or, Some Questions of the Day,"  
"Employers' Liability," etc., etc.*

" Learning without thought is learning lost ; thought  
without learning is perilous."—CONFUCIUS.

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## PREFACE

TO-DAY the air is full of reforms—well-considered reforms, ill-considered reforms, and reforms not considered at all.

Their variety is legion, their qualities as varied, but all have one common characteristic, the spending more money—other people's money (*a*)—and as an inspiration it might be suggested that the greatest and most wanted reform of all is to reflect more and scatter less.

In the following pages no new gospel is preached, no new suggestion made, and probably at most will only be found old truths re-stated and forgotten teachings re-enforced; but apart from the freshness thus imparted, no other novelty is introduced. What has been attempted, possibly more difficult than the weaving of new fancies or the creating of new worlds, is the application of old principles to

(*a*) Reforms depending on our own can be initiated at once.

“Exercised at a man's own expense, liberality may be or may not be, according to circumstances, a virtue; exercised at the expense of the public, it never can be anything better than vice. . . . Exercised at a man's own expense, it is at any rate disinterestedness; exercised at the expense of the public, it is pure selfishness; it is, in a word, depredation.”—*Bentham*, ii. p. 437.

new conditions, and the fair and impartial ascertainment of what these new conditions are which we would modify or amend. These, with an inquiry into the difficulties we have to face, form the bulk of what we have written. On nothing is progress more completely dependent, than on our taking an all-round view of things. It is so easy to run any particular "ism" to death, so difficult to keep a clear course between thousands of conflicting interests. Thus it is that nearly every proposal so violently advocated to-day shows on its very face that more than one half of the subject has been overlooked. We will give but one instance—the character of our race itself. As a nation we have inherited an overmastering love of personal liberty. Thus, whilst it is well to learn wisdom from all, it by no means follows that institutions made in Germany, where the people are mothered by their government from the cradle to the grave, will thrive when transplanted to our rougher climes. If the millennium were offered on the condition of sacrificing liberty, it would be scornfully rejected by nine-tenths of our population. So—and we respect him for it—many a poor little *gamin* of our great cities would instantly elect to run free and wild rather than be clothed and fattened and kept in restraint. This love of freedom is a glorious heritage, though undoubtedly it has its limitations and demands its price. It is a factor that can never be lost sight of in dealing with our people. It is quite one thing

for us to make ourselves responsible for a kind of lay figure, a thing of putty that yields to every impression—and quite another to have to mould our countryman, even if destitute, to our will. Short of physical force he resents interference, and fires up if we so much as dare to hint at limiting his right to think for himself. Give me, whether as State or individual, control of a man's actions, and then, and then only, can I be responsible for his physical well-being. The lean dog of the fable no more scorned the pampered dog with a chain than our people—even the lowest of them—scorn plenty without independence. But both? That is another matter. That is the very issue on which the battle is now being waged.

Other instances could be readily given, where half knowledge is more dangerous than total ignorance. Particularly is this so as regards property, where an inexact appreciation of what it is, its origin and its functions, causes widespread misery and disaster(*b*). The wanton interference

(*b*) “I shall conclude by a general observation. The more the principle of property is respected, the stronger hold it takes on the popular mind. Slight attacks upon this principle prepare the way for heavier ones. A long time has been necessary to carry property to the point where we now see it in civilized society, but a fatal experience has shown with what facility it can be shaken, and how easily the savage instinct of plunder gets the better of the laws. Governments and the people are in this respect like tamed lions; let them but taste a drop of blood and their native ferocity revives.”—*Bentham's Theory of Legislation*, p. 145.

with existing institutions is little short of criminal, so calamitous are the results. Good intentions no more lessen the evil than the virtuous enthusiasm of a Torquemada sanctified the horrors of the Inquisition (*c*).

That all is for the best in this best of all possible worlds when one has and another has not, may be a matter of debate, but whilst undoubted evils do exist, it is equally undoubted that they are neither to be eradicated nor cured by an ill-considered raging at our present social system generally. Right and wrong, good and bad, are often matters of degree, and to discriminate between two extremes requires, not the destruction of the whole fabric, but a patient inquiry into where the good ceases and the evil begins. So as regards real progress; it is not to be achieved by making a clean sweep of every existing institution, when we shall probably have nothing but a ruin for our reward, but by trying to appreciate what existing conditions really are, and then proceeding by steps. An inch in the way is worth a mile in the clouds; and even sound thinkers have failed in their end by attempting too much.

(*c*) “*Multis minatur, qui uni facit injuriam*—He that injures one threatens many.”—*Bacon's Essays*, 192, Bohn's Library.

“If property should be overturned with the direct intention of establishing an equality of possession, the evil would be irreparable. No more security, no more industry, no more abundance. Society would return to the savage state whence it emerged.”—*Bentham's Theory of Legislation*, p. 120.



No doubt the presence side by side of dire distress and superabundance of wealth does furnish food for reflection. But let us reflect, that is what is wanted, and not merely be led away by a cheap sentimentalism. Our first question should always be: What could the individual do or have done for himself? (*d*). Thus, for example, let us take the case of two youths starting life together, the one resolved to deny himself and save the 3*d*. a day in beer which the other, not unreasonably, feels is no more than legitimate refreshment. What will be their respective positions at the age of seventy? One will have accumulated some £1,300, the other will not have a penny. Is the latter a farthing the worse for his fellow's savings? Not at all. In fact he is better (*e*). For the former, although his cake

(*d*) The Lord Bacon was wont to commend the advice of a plain old man at Buxton that sold besoms; a proud, lazy young fellow came to him for a besom upon trust; to whom the old man said: "Friend, hast thou no money? Borrow of thy back and borrow of thy belly, they'll ne'er ask thee again, I shall be dunning thee every day."—*Bacon's Essays, etc.*, Bohn's Edition, p. 190.

(*e*) "But perhaps the laws of property are good for those who have property, and oppressive to those who have none. The laws, in creating property, have created riches only in relation to poverty. Poverty is not the work of the laws; it is the primitive condition of the human race. The poor man in civilized society obtains nothing except by painful labour; but in the natural state can he obtain anything except by the sweat of his brow? . . . The laws, in creating riches, are the benefactors of those who remain in the poverty of nature. . . . Tyrannical and sanguinary laws have been founded upon the right of property, but the right itself presents only ideas of pleasure, abundance and security. It is that right

is the sole result of his own self-denial, may yet find a few pounds with which to help an old friend. Had both been equally indifferent to saving, both would have been destitute, and no one in the whole world a penny the better (*f*). So what is true in the unit is true in the whole—is true collectively for the nation. So far from the destitute being injured by others' savings, property, wealth, capital, or whatever you may be pleased to term it, they are positively benefited. Poverty is not due to others' wealth—its alleviation is. Let us put the right pack on the right horse. The sinews of the nation are the strong, the saving, the industrious, and the accumulators of property (*g*). Let us deal

which has vanquished the natural aversion to labour; which has given to man the empire of the earth; which has brought to an end the migratory life of nations; which has produced the love of country and a regard for posterity. Men universally desire to enjoy speedily—to enjoy without labour. It is that desire which is terrible; since it arms all who have not against all who have. The law which restrains that desire is the noblest triumph of humanity over itself.”—*Bentham's Theory of Legislation*, p. 114.

(*f*) “Those who have the resolution to sacrifice the present to the future are the natural objects of envy to those who have sacrificed the future to the present. The children who have eaten their cake are the natural enemies of the children who have theirs.”—*Bentham's Works*, vol. iii., p. 17.

“Economy has as many enemies as there are dissipators—men who wish to enjoy without giving themselves the trouble of producing. Labour is too painful for idleness; it is too slow for impatience. Fraud and injustice secretly conspire to appropriate its fruits. Insolence and audacity think to ravish them by open force.”—*Bentham's Theory of Legislation*, p. 110.

(*g*) More fortunes are saved than made.

considerately with our unfortunate by all means, but let us remember there would have been no dealing with them at all had the whole nation been like them. Had all been improvident like the one youth, there would have been little with which to assist any; had all been provident like the other there would have been little need.

But some wealth has surely been obtained most improperly? Certainly, but the remedy is not to attack it when acquired, but to prevent its ever being so acquired at all. But how about property wrongly acquired in the past? (*h*). Who is the judge to say it has been wrongly acquired? It is difficult enough to settle the ethics of property for our own time; the difficulty is infinitely enhanced if we would settle them for times that are past. And it is a barren occupation. Nothing is more impossible than to try and remedy a past abuse by a present

(*h*) "The greater part of these great fortunes, it is said, have been founded upon injustice, and what has been plundered from the public may as well be restored to the public. To reason in this way is to open an unlimited career to tyranny. It is a permission to presume crime instead of proving it. According to this logic it is impossible for a rich man to be innocent. Ought a punishment so severe as confiscation to be inflicted in gross without examination, without detail, without proof? Does a procedure which would be declared atrocious if employed against an individual, become lawful when directed against a whole class of citizens? . . . To plunder great proprietors, under the pretext that some of their ancestors have acquired their opulence by unjust means, is like bombarding a city because some robbers are thought to be concealed in it."—*Bentham's Theory of Legislation*, p. 142.

reform. Those who would benefit are not the same, those who would suffer are not the same. We can learn wisdom from the past, we can profit by the experience of the past, but it is idle to try and make right a wrong, when wronged and wronger are side by side in their long last sleep together. By such attempts we shall increase, not lessen, the very evils we are now lamenting.

It is to be hoped this book may not be felt to have been written in an unsympathetic spirit, but its aim has been to be neither unsympathetic nor otherwise, but simply as far as possible to see things as they are, and so present them. If in some small degree this has been done successfully, then exactly to the same extent, but no further, will it contribute to the permanent progress we all desire.

C. Y. C. DAWBARN.



## TO THE READER.

To facilitate the maintenance of a more or less connected argument, I have put in the notes a number of additions which, at some time or other, the more interested reader might like to study. These are either by way of amplification or illustration, or to give the views of our great thinkers on the same subjects. The profound practical wisdom of Bentham I have taken from his writings direct. As the father of modern thought and liberty, it seemed sacrilege to give his views in any words but his own. As regards other writers, their opinions have been so admirably collated and presented in the text-books of Political Economy by the late Professor Fawcett of Cambridge and Mr. Walker of Massachusetts, that I thought it would prove convenient to the reader to refer to them rather than to numerous miscellaneous works. Both can be obtained at a moderate cost, and those anxious to go further into the subject will find them equally instructive and entertaining reading.

C. Y. C. D.



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# LIBERTY AND PROGRESS.

## PART I.

### The Employed.



## CHAPTER I.

### LIBERTY.

THE love of liberty is the dominating principle of the English constitution. It is engrained in the race, and is its heritage from time immemorial. These islands, the cradle of liberty, have ever been the nursery of a people strong, valiant, and independent. Whatever the form of government, in essentials its children have been equally free. There have been short periods when the spirit of liberty has slept, but in the awakening life has been sacrificed rather than this most prized possession.

Conquered by the Roman, and more completely subdued by his arts than his arms, the ancient Briton for a while seemed to have lost the sturdy independence of his warlike fathers. But the spirit was only dormant, and in his final struggle with his once Saxon allies he proved he knew how to die. His liberties ended with his race.

The Saxon and Dane fought as fiercely as kinsmen will and with as varying fortunes, and to the majority of the nation the victory of either meant but a change of king. United they equally rejoiced in the powers of the mighty Canute, and on his decease there was little murmuring that the crown was bandied about from one successful pretender to another.

Harold, the last of the old order, was popular as the son of the great Saxon Godwin, but had no claim to the crown other than what his own powerful right arm gave him. He was a great warrior, and died worthy of his fame.

With the advent of William the people once more only recognised another change of sovereign. To many, his rights were superior to those of Harold, and a nation was prepared to welcome him as their rightful monarch. Hence the ease with which he established his throne (*a*). When subsequent events showed their error, their fierce, prolonged and hopeless struggles for freedom proved that it was their vigilance and not their valour that had been asleep.

And as with them, so with their haughty conqueror, the Norman, the love of liberty was the passion of his life. Their king was but their equal; he was their leader, their chief, but not their

(*a*) "By this mixture of vigour and lenity he had so soothed the minds of the English that he thought he might safely revisit his native country and enjoy the triumph and congratulations of his ancient subjects."—*Hume's History of England*, Vol. I. p. 247.

A visit paid within less than three months after his conquest.

superior. *Primus inter pares*. First, but nothing more.

As years passed by the races amalgamated to rejoice in the same traditions, the same rights, and the same determination to be free.

Since then the forms of government may have changed. In externals we may apparently have seen an absolute monarchy as under the Tudors, a commonwealth as under Cromwell, or a constitutional government as under our present monarch; but in reality the nation has practically enjoyed an equal measure of liberty at all times, and it is its proud boast that now for more than a thousand years its people have been free (*b*).

But when we speak of liberty as the passion of the race we must understand what we mean by the term. By liberty we do not mean a free and unfettered right to do whatever one desires at the moment. Such a right would instantly degenerate into unbridled licence, to further degenerate into a terrible tyranny—that of the strong over the weak (*c*).

(*b*) “A hardy military nation”; “eager for war and impatient of peace.”—Bacon’s description of the people in Elizabeth’s time.

(*c*) “On the whole, notwithstanding the seeming liberty or rather licentiousness of the Anglo-Saxons, the great body even of the free citizens in those ages really enjoyed much less true liberty than where the execution of the laws is the most severe, and where subjects are reduced to the strictest subordination and dependence on the civil magistrate. The reason is derived from the excess itself of that liberty.”—*Hume’s History of England*, Vol. I. p. 215.

What we desire is that every man should have the greatest possible freedom of action consistent with the like right of everyone else to have the same, and that each should have the utmost possible liberty in ordering his life consistent with his not injuring any one else. This we see involves a nice balancing of rights between individuals, a considerable amount of give and take, and no little deference to the wishes of other people. Perfect freedom we do not profess to claim or confer. All freedom must be limited, and it is limited by law, and in the main we esteem a law as good or bad exactly so far as it necessarily or unnecessarily curtails freedom of action (*d*).

No doubt this is a thoroughly English sentiment, but there is equally no doubt that it is one with the genius and tradition of our race. It is quite possible that it might be highly beneficial for many of us if we were legislated for—if we were the object of care of a benevolent government—if what we ate and what we drank, and when we worked and when we played were all mapped out for us by superior intelligence; but as a people we will have none of

(*d*) “It is with government as with medicine; its only business is the choice of evils. Every law is an evil, for every law is an infraction of liberty.”—*Bentham's Principles of Legislation*, p. 48. “By creating obligations, the law . . . trenches upon liberty. It converts into offences acts which would otherwise be permitted and unpunishable. The law creates an offence either by a positive command or by a prohibition. These retrenchments of liberty are inevitable. It is impossible to create rights, to impose obligations, to protect the person, life, reputation, property, subsistence, liberty itself, except at the expense of liberty.”—*Ibid.* p. 94.



it. We claim the right to think for ourselves, to act for ourselves, and are prepared to take the consequences on our own shoulders. And if as a humble individual I may express an opinion, I think we are right. It goes to build up a hardy, sturdy and independent race, and in the battle of life and in the struggle for existence, generally, if not always, the race is to the swift and the battle to the strong.

## CHAPTER II.

## LIBERTY AND ITS LIMITATIONS.

WHILST thus stating what is the fundamental principle of our constitution, still the doctrine of liberty has to be taken with certain limitations. These in themselves are not necessarily repugnant to it, but rather amplifications necessary to render it more generally effective. Such a limitation is that in favour of young persons and those incapable of protecting their own interests. We do not allow these, under colour of liberty, to injure themselves or do acts clearly to their own disadvantage.

When a man is wanting in that strength or intelligence which we take to be the portion of every average citizen, we rightly regard him as one to be protected against himself. So as regards parents we do not recognise their unrestricted right to treat their children entirely as they please. A child's right to liberty may be in suspense, but otherwise neither differs from nor is less than that of an adult. It is deferred for its own benefit, not for that of its parents, and until such time as it can exercise it with advantage to itself the community is trustee to see that it is neither abridged nor abused. The question is, What would a child truly desire for itself if it were of sufficient understanding to judge? and to such implied desire it is the part

of the State to give expression. Thus a parent who neglects his child, still more a parent who ill-treats or is cruel to it, or abuses it for his own ends—as for example by stunting its growth—as also a parent who mistakenly acts injuriously towards it, are all correctly held to infringe the liberty of such child and to warrant the interference of the State on its behalf. This limitation of the liberty of the parent is not therefore an unjustifiable infringement of the liberty of the subject, but is necessary to secure the more perfect liberty of the child (*a*).

In the majority of cases the natural affection of the parents may be safely relied on to ensure the rights of the child, but where insufficient there is not only the power but a very certain duty for the State to interfere.

Some schools would extend the number and character of people to be presumed too helpless to take care of themselves. The arguments are so excellent that such class might be well enlarged to include the whole nation. A grandmotherly legislature interfering in every detail of daily life has much to recommend it, and as before mentioned it might be difficult to say which of us would not benefit by being subjected to a benevolent despotism. But, as we have also before observed, it is a benefit

(*a*) “It is, moreover, to be remarked that the chief justification for the interference between parent and child involved in compulsory education is to be sought in the fact that parents who incur the responsibility of bringing children into the world ought to provide them with education, and that if this duty is neglected the State interposes as protector of the child.”—*Fawcett, Manual of Political Economy*, p. 299.

we, as a race, are determined not to enjoy. Rather will we err on the side of limiting than of extending such class. As far as consistent with the rights of other people we will be our own masters, order our own lives, and act as we please; and we as bitterly resent the tyranny of a domestic legislative interference as that of any despot. We may be wrong as a nation in our attitude in this matter, but it finds its roots deep down in the roll of time, and now, as ever, if we have to pay a price for our independence we will pay it and be free.

## CHAPTER III.

### INDIVIDUALISM.

WELL in accord with this spirit of our race is the principle of Individualism. The foundation of individualism is payment for services rendered. What Society receives, for that it makes return. Each free to think and act for himself gives to Society as much or as little of his services as he pleases, to receive as little or as much again. Its supreme merit is that it is intensely practical and in the main does not offend our sense of justice. In practice it largely conforms to theory, and probably less exception could be taken to its principles than to any other system hitherto tried or proposed. It rewards industry, it encourages thrift, and inculcates self-denial. It tends to a strong race, and spurs each to do his best. It finds a divine sanction in the command, "Whatsoever thy hand findeth to do, do it with thy might," and it is in accord with and gives effect to nature's law of the survival of the fittest. That it is a lovable system or an unselfish one its warmest admirer could not contend. But it is built upon only a portion of human character and motives, and its rigour, if not neutralised, is largely alleviated by the benevolence of mankind. To some philosophers it is an additional merit that it does not confound itself with

altruism, and that it is and professes to be entirely selfish. Individualism has no place for altruism, and altruism has no part in individualism. They are distinct, and the complement the one of the other, and whilst in a well-ordered State both are present and both essential, both also are more vigorous and more effective when the dividing line between the two is well maintained; when there is a clear demarcation between what a man is entitled to of right, and that which he can only claim of the charity of his neighbour. In all suggested legislative changes this distinction is well to be remembered. Charity does not consist in being generous with other people's goods, nor is a virtuous goodwill to one's fellows satisfied by vicarious sacrifice (*a*). As a State our first duty is to be just, and the first portion of our inquiry will largely be how far individualism, as it finds expression in modern social conditions, is consonant with such justice. Remembering that individualism only recognises the claims of selfishness, we are agreed that the principle on which it is founded—payment for services rendered—is on the whole unexceptionable. We may go a little further and say that it appeals to us as substantially just. If a man works diligently, and Society receives the benefit of his labour,

(*a*) "Exercised at a man's own expense, liberality may be or may not be, according to circumstances, a virtue; exercised at the expense of the public, it never can be anything better than vice. . . Exercised at a man's own expense, it is at any rate disinterestedness; exercised at the expense of the public, it is pure selfishness; it is, in a word, depredation."—*Bentham*, ii. 437.

it seems just that he should receive as much again. If he works hard and gives much, that he should receive much ; if leisurely and gives little, that he should receive less. So, further, where both the man and Society are free agents to contract, *e.g.*, as where the man is not the slave of poverty nor the State victimised by trusts, it seems just that the value of such services, fixed by mutual agreement, should be equally binding on both.

As a further consequence of these propositions, it seems conclusive that if a man only receives from Society the equivalent of what he has given to Society, what he so receives should be his own to consume, to use, to save, to give away or otherwise dispose of. Should he save such earnings, and should he exchange such savings for the savings of other people, it is a necessary corollary that such substituted savings should be equally his beyond dispute. Nor is the underlying principle of the foregoing conclusions in any way varied if at some time or other he has been rewarded in kind instead of currency—if for money he has received honours, privileges, or other emoluments. All that can be demanded is that for what he has received he shall on his part have given a due equivalent in services rendered.

What considerations should govern us in discussing such services, and the rights consequent thereon, we will now inquire.

## CHAPTER IV.

## SERVICES RENDERED.

IN considering such services we ask (a) Who give such services? (b) What do such services yield?

To the first the reply is simple. Such services are rendered by everyone who does honest necessary work. Nor is such limited to merely manual labour.

The mother who nurses, the maid who tends, and the teacher who educates the child, equally do the work of the State. So also does the doctor who guards the health and the clergy who care for the spiritual welfare of the nation. Equally the writer who interests, the actor who amuses, the poet who elevates and the artist who delights, are amongst the workers of the community. And these, with its engineers, its scientists, and its organisers, are the very life and backbone of the nation.

Sad would be the lot of the mere labourer if bereft of their guidance. It is they who make his work profitable. Left to himself he would sink into dire poverty, soon to become the easy prey of starvation and disease. Mere labour without intelligence to direct it could not even provide itself with the barest necessities of existence.

I am not suggesting that intelligence is not to be found amongst our working classes as at present



constituted. It is, and of a very high order. I am referring to the theoretical condition of mere labour without intelligence to utilize it. Of course, even to-day, the highest intelligence is not to be found amongst the working classes. The first thing a man so gifted does, is to leave them; and that society is best which gives the greatest facilities for his so doing.

On the other hand, were the latter to be deprived of such labour, left to fend for themselves, they would speedily adapt themselves to circumstances, and in a few years would be the nucleus of a proud, strong, vigorous and thriving race.

For the present, however, it is enough for us to understand that by workers we mean all who contribute to the prosperity and progress of the country.

What do such services yield?

This question we need not answer very fully. On every hand we see how enormously productive is the labour of to-day and how immense its results. Every necessary of life is turned out in teeming abundance. Machinery and division of labour have increased our powers to a once undreamt-of extent. To particularize were to be invidious; not a trade, a business, nor an occupation but can show its own wonderful economies of labour.

The following figures showing our increase of efficiency as a whole may be interesting, and may well find a place here.

The energy exerted in the United Kingdom has been computed by Mr. M. Mulhall, and by him reduced to foot pounds, the technical way of measuring “work done”—also a technical expression. By a foot pound is understood that work necessary to raise one pound avoirdupois one foot in height. As the figures given are for the nation, they are given per millions of foot tons—that is, the work required to raise one ton one foot—and are as follows:—

*Daily Energy exerted in Millions of Foot Tons.*

		Hand.	Horse.	Steam.	Total.
1840	-	2,220	5,100	2,400	9,720
1870	-	2,700	5,600	15,750	24,050
1895	-	3,200	6,330	51,880	61,410

In the period from 1840—1895 the population increased roughly 50 per cent., so that, had the population in 1895 only remained the same as in 1840, its daily energy would have been 40,940 millions of foot tons instead of 61,410 millions, as actually was the case. That is, in 1895 every worker, through the medium of machinery and the organization and division of labour, was able to develop an energy four times greater than he could have done in 1840. That is, in 1895, for all practical purposes, he was four times more efficient than he would have been in 1840. In other words, could we live now as our fathers did then, 250 out of every 1,000 of the population could do the

necessary work and the remaining 750 could be idle (*a*).

The following table, also taken from Mr. Mulhall, shows the progress of the United Kingdom during our late Queen's reign.

The numbers are not actual, but relative only, and 100 is taken as the number of reference.

To arrive at the progress per head, allowance must be made for the increase of population.

	1837-40	1870	1897
Population	100	121	150
Wealth -	100	203	287
Revenue	100	140	195
Commerce -	100	480	623
Shipping	100	322	957
Agriculture	100	120	105
Mining	100	310	602
Textile trade	100	252	360
Hardware trade -	100	430	590
Instruction	100	162	251

Our shipping progress is even more marked than these figures show. Our carrying power in 1840 was 2,840,000 tons, or 200 tons per man employed; in 1870 was 9,020,000 tons, or 460 tons per man; and in 1897 was 27,350,000 tons, or 1,140 tons per man employed. Again, in 1840 we did only

(*a*) The computation of these tables bristles with difficulties and contentious matters. But so far as they are comparative and arrived at in the same way in all cases, our inferences from them will be fairly correct.

27 per cent. of the carrying trade of the world ; in 1897, 52 per cent.

Here for a moment let us pause and ask, what do we read in these facts ? What only can we read in these facts ? Hope, buoyancy and abundance. The efficiency of civilised man has been more than quadrupled in seventy years. Can this be the text for a gospel of despair ?

Men with their limited power of labour lived in comfort seventy years ago. Men by their quadrupled power of labour must live in abundance in years to come. And what does abundance mean ? Properly directed it means moral education and refinement, the triumph of the mind, the awakening of the soul, and the exaltation of the intellect over the mere corporeal and animal passions of human nature.

What does abundance mean ? It means that men, as units, may live in brotherhood ; it means that men, as nations, may live in fellowship and goodwill. Abundance is not restricted to our islands nor peculiar to them. Man's power throughout the civilised world has been multiplied, and every nation may be rich, prosperous and contented, and the happier for knowing the world besides is equally favoured and blessed. This is the millennium of civilisation ; the highest good of each is the highest good of all.

### **Note.—The World's Progress in Wealth Creation.**

Particular items of progress are even more impressive than the general résumé of statistics. Thus, turning to *Mulhall's Dictionary of Statistics*, published in 1892, a monumental work in the history of figures, we read: "In the United States 9,000,000 hands raise nearly half as much grain as 66,000,000 in Europe. Thus it appears that for want of implements or proper machinery there is a waste of labour in Europe equal to 48 millions of peasants. In other words, one farm labourer in the United States is worth more than three in Europe.

Again, improved implements and machinery have made tillage more productive and grain cheaper. In 1840 each peasant produced 63 bushels of grain. In 1860 the average was 87. In 1887 it had risen to 114; that is, two men now produce more grain than three did in 1840 (p. 6). Again, it appears that owing to improved machinery, the product of a man's labour represents, at present, double the value it did in 1820. But as prices have fallen in the interval about 33 per cent., it follows that the average in 1888 was equal to £38 per head measured by prices (p. 6).

Thus one man now, in whatever industry, produces as much as three did in 1820, or two and a half in 1840, or two in 1860.

Arkwright's spinning jenny enabled one operative, in 1815, to produce as much yarn as 200 could a few years before (p. 365).

2. The crane of Cologne Cathedral, in 1870, with two men, did the same work in one hour, in lifting stone, as required 60 men to work 12 hours in the middle ages; that is, one man now is equal to 180 of olden time.

3. The American bootmaking machine enables one man

to turn out 300 pairs of boots daily ; one factory near Boston makes as many boots as 32,000 bootmakers in Paris. In 1880 there were 3,100 of these machines at work, producing 150 million pairs of boots yearly.

4. Altman's American reaper cuts and binds grain at 45 minutes per acre. D. Glynn, of California, cuts, threshes, winnows, and bags with each of his machines 60 acres of grain daily.

5. The United States, in 1888, produced 600,000 sewing machines, which could do the work of 7,200,000 women.

6. In the Western States of America one man can raise as much wheat as will feed 1,000 persons for 12 months ; a second can thresh, winnow, and bag it, and a third convey it to market.

7. A girl, 12 years of age, in a Lancashire mill, can turn out 35 yards of printed calico daily, her work in one year sufficing to clothe yearly 1,200 persons in the East."

These are figures of nearly twenty years ago.

## CHAPTER V.

### THE VALUE OF SERVICES RENDERED—THEIR VALUE GENERALLY.

WE have discussed by whom services are rendered, and inquired into the magnificent results realised by their efforts. We have now to consider the value of such services, and what should be given for them in return. And the very foundation of individualism is that services should be appraised at their true value and paid for accordingly. As far as possible the community desires to so pay for them, and perhaps to a large extent, we may say, does so pay for them. In the majority of transactions—and national life is but made up of individual transactions—the services rendered and the price to be paid have been agreed on after much bargaining between equally capable parties, and as such may be accepted as fairly reasonable and just. In settling the value of any services a community can only be guided by contemporary conditions. We may appreciate the value of services in the past very differently from the people of those times, and posterity may take as great an exception to our views. But men can neither undo the past nor be guided by the future, and each generation must be bound by its own canons. Whatever the evil done and suffered by our ancestors, we can only act for

our own day, and do justice between man and man on the basis of things as they now are. One thing is certain—nothing is more impossible than to try and remedy a past abuse by a present reform. We cannot recall the time that is gone. We cannot alleviate the suffering caused by wicked acts. We cannot give back life or health or enjoyment to the innocent ones unjustly deprived of them. We cannot even dry one tear, restore one smile. Each moment passes by and passes for ever, and with it its tale of human joys, human pleasures and human ills. We cannot undo the misdoings that are past; rather by our attempts we shall raise a fresh crop of evils as real and as unnecessary as those over which we are lamenting. We can learn wisdom from the past; we can and should profit by experience; but it is idle for us to try and make right a wrong, when wronged and wronger are now side by side in their long last sleep together (*a*). We can

(*a*)      “Let the dead past bury its dead!  
             Act—act in the living present!  
             Heart within, and God o’erhead!”—*Longfellow*.

“The greater part of these great fortunes, it is said, have been founded upon injustice, and what has been plundered from the public may as well be restored to the public. To reason in this way is to open an unlimited career to tyranny. It is a permission to presume crime instead of proving it. According to this logic, it is impossible for a rich man to be innocent. Ought a punishment so severe as confiscation to be inflicted in gross without examination, without detail, without proof? Does a procedure which would be declared atrocious if employed against an individual become lawful when directed against a whole class of citizens? . . . To plunder great proprietors, under the pretext that some of their ancestors have acquired their opulence by unjust means,



and must be governed by present considerations alone, and particularly is this so when we would determine the true value of services rendered. What is the true, the intrinsic value of services; that is, what is their actual value to the community as distinct from their nominal money equivalent? It is true that as regards the majority of our business affairs the nominal value and the commercial value of services rendered to a large extent approximate to their intrinsic value, but not invariably, and only when taken over a period of years.

To give but one example. If the American cotton crop were to be so high, say, as 13 million bales, its price might even fall so low as 3*d.* a pound; whilst if it were only a 10 million crop it might probably be sold at so high a price as 6*d.* In other words, the larger crop would only sell for 39 units of price, whilst the lesser would realise as much as 60. That is, the producers would receive nearly twice as much for their smaller crop as for their larger one (*b*).

is like bombarding a city because some robbers are thought to be concealed in it.”—*Bentham, Theory of Legislation*, 142.

(*b*) “Tooke, in his *History of Prices*, Vol. I. pp. 13—15, mentions that a falling off in the quantity of corn of a sixth or a third resulted in a rise of from 100 to 200 per cent. in value. If in other years farmers had combined to burn a sixth of an ordinary crop, they might have got double price for the remainder—that is, a sum represented by ten instead of six. On the same principle, old importers of spices would destroy half a crop they considered too large, and get a great deal more for the remaining half than they would have done for the whole.”—*Mill's Political Economy*, Book III. c. 2, sec. 5. A similar practice is not unknown now when a catch of fish has been unusually great, and the cases are not rare

From this it is clear that at any given moment intrinsic value and market value may widely differ. The intrinsic value of a loaf is the people it will feed; the intrinsic value of a house is the people it will shelter; and the intrinsic value of cotton is the people it will clothe. This cannot and does not vary with whether the crop is only ten or thirteen million bales (*c*).

Thus, in considering services rendered, we should have regard to intrinsic value rather than to the fluctuating daily prices of the market, and that system of commerce is the best in which the two are most nearly identical. Particularly is this so when we have to consider the value of the services rendered by certain sections of society to the community, as for example, our poorest paid. Some of

when a too abundant fruit crop makes it almost useless to gather it.

No doubt dumping may cause dislocation to our trade, but a far more serious danger is the controlling and reducing crops, meat, &c., and compelling us to pay famine prices. In time matters would rectify themselves by new producers being tempted by the high prices to embark in such abnormally profitable industries, but in the meantime we should be cruelly fleeced.

(*c*) Further on we shall see that services and the products of services have three values: "Intrinsic value," as referred to, and concerning which different ages have entirely different views; "Natural value," as determined by the cost of production over a number of years or under free conditions of competition; and "Market price," governed by the supply and demand of the hour. Intrinsic value is the special province of the theorist, the politician should have regard mainly to "natural values," whilst all-important to the business man is the price on the market at the moment he makes his bargain.

these receive so small a reward for their toil that there is not one but would rejoice if their position could be materially improved. Is it that the intrinsic value of their services is so low as to be fairly represented by what they receive, or are there other causes in operation keeping their wage down to its present miserable level? Into the forces influencing services and their values let us now inquire.

## CHAPTER VI.

## THE VALUE OF SERVICES RENDERED—OUR UNDERPAID.

AND first as to the payment of our poorest for their services. We concluded our last chapter with reference to the small reward commanded by some of our lowest class labour, and we asked the question, "Is the intrinsic value of their services fairly represented by what they can obtain in the market for them? If not, what are the causes keeping their earnings down to such a miserable level?"

To-day there is a glorious disregard for the teaching of our old economists, but have we more accurately gauged the position? Rather, does not the present condition of the worse paid workers afford a sad but striking confirmation of their theories? The root difficulty of our social conditions is that a too fruitful nature, to ensure the continuance of her various species, always provides for a greater increase of progeny than she intends to survive. We see this throughout the whole animal kingdom. The herring, the prey of countless foes, spawns by the million, and a pair of rabbits breeding unchecked (*a*) would in a few years desolate the United Kingdom. This prolificness of

(*a*) Unknown in Australia a few years ago, the rabbit pest is now one of the serious evils of the country.

nature is equally striking in the vegetable and insect world, and mankind is no more an exception to the general rule than any other form of life which has to battle for existence. In fact, in those very classes where the battle for life is the keenest we see the general fecundity is the greatest.

Malthus, in a slightly different form, taking this fact as the basis of his reasoning, tried to demonstrate that whilst the human race increased in a geometrical progression, the necessaries for its sustenance only increased in an arithmetical one. His argument was anticipated and first enunciated by that profound thinker, Voltaire, who was the first to appreciate the fact that food and population increase in different ratios (*b*). Perhaps his formula is an attempt to apply mathematical precision to a subject not susceptible of such precision, and possibly the amazing increase in the efficiency of man as a producer might tend to disprove his statement—though this cannot be shown, as we do not know to what our population might have grown if unchecked; but notwithstanding this the underlying truth is there, that the race tends to increase faster than sustenance, and as the sustenance available is the limit of those who can survive (*c*), the surplus must die off that a balance may be maintained between the two. If it is left to nature to deal with such surplus, nature does it very effectively, and

(*b*) *Laing's notes*, 2nd series, p. 42.

(*c*) "There are few statistical facts better substantiated than that the marriages amongst the labouring class increase with the fall in the price of bread."—*Fawcett*, p. 78.

by want and disease will keep down the population to such numbers as can be sustained. Whether this law is true or not, we see something very like it in full operation to-day amongst our most destitute workers. The sustenance available *is* the limit of those who survive. Whether in fact the nation as a whole could not provide more sustenance, so that more might survive, is not exactly the point. The point is that to-day, ever as much as in the time of Malthus, the number of those who survive *is* limited by the sustenance available, and the only check on their increase *is* disease and actual want. And as long as the amazing fecundity of this self-same nature is ignored or disregarded, so long shall we always have the lower strata of society on the verge of starvation, and only one step removed from actual destruction. We may feed them, we may clothe them, we may find them houses, but only to have more to feed, more to clothe, and more to house; to have more in such appalling numbers that a few years will find us overwhelmed with our difficulty. Unless we are prepared to leave nature to work out her own problem, provide her own check on such increase in her own way (*d*), we have

(*d*) We see a child half naked, starving and diseased; that is the positive check in operation. We go into a den of squalor, a family herding in filth and stench unspeakable, the mother prostrate maybe with hunger, the father helpless with drink, the children famished and neglected; that again is the positive check in full operation. Let us understand what this positive check is. All too terrible, but as inevitable and as much a part of nature's law as night that follows day, unless we provide a humaner substitute. But is their one pleasure in life, that of the animal, to be denied them?

only one alternative. We must act through the individual. We must educate him in a sense of his responsibilities, and enforce the discharge of duties voluntarily incurred. We must teach him more providence, foster his independence, and above all we must insist on the rights of his children being respected. This done we shall then, and only then, find an efficient substitute for nature's methods. And we must not play with it, we must not be content with mere idle philanthropic vapouring, but must act strenuously, surely and effectively (*e*).

Then why—usually the same impractical sentimentalist—deplore the all-certain results?

(*e*) "It is quite evident that population must be restrained by some check, for if all married when they arrived at maturity this earth would not merely fail to feed them, but would scarcely even offer standing room for the countless millions that would be born. . . . In almost every country the positive checks still operate, but with much less powerful effect" [than in the middle ages]. "In England, for instance, there is great mortality amongst the children of the poor. . . . In some European countries population is restrained by law. In Norway no couple is allowed to marry until it can be proved that the man and wife possess jointly a certain amount of money. In other countries prudential feelings which almost amount to a general custom prevent early marriages, and in this manner restrain population. In some of the Swiss cantons a man rarely marries before he is thirty, nor does a woman marry before she is five-and-twenty. In some exceptional cases the condition of the labouring classes may for a time suffer no deterioration, although neither positive nor preventive checks are in very active operation. In a new colony, with a healthy climate and a great breadth of fertile and unoccupied land, population may for a time continue to expand with scarcely any let or hindrance, but in a country like England, if the population were not restrained by some checks the labour market would become so redundant that the labourer would be reduced to abject poverty and misery."—*Fawcett*, p. 143.

If otherwise, we shall aggravate and not alleviate the evil with which we would grapple. Some check is an absolute essential to the manhood, strength, and very existence of our country. As a physical possibility we could possibly feed our millions and so run away from our difficulty for a time, but only to cultivate a vast and worthless proletariat, and to find in some devastating pestilence such as cholera, in some overwhelming famine such as might be caused by a blockade, or in a flood of immoral wickedness when life itself would lose its sanctity, that nature had once more resumed her sway, had once more given effect to her immutable and remorseless laws.

Some philosophers argue that the fecundity of man lessens as he and his environments improve. The danger is that we check the increase of the desirable and foster that of the lowest of our population. The large increase tends to deprave the parents, and if the argument is correct the converse proposition must be equally true that this very depravement tends to increase this fecundity (*f*).

(*f*) "Education lessens the birth rate." "As you improve humanity you increase its self-restraint." Such is the teaching of the all-will-be-well school, the leave-it-alone school. There may be a modicum of truth in the proposition, but unfortunately this humane check only approximately approaches efficiency where the education is relatively very high. In the meantime it passes through a maximum point of aggravation of the evil. The very number born amongst the most degraded to a certain extent carries its own limitation of the evil in the fewer survivals, but slightly educated; then, and without lessening the number of those brought into the world,



And in the meantime what shall we have done for these unfortunates? Fed them, bid them exist, and rivetted the chain of thralldom on their class for ever; for ever, or until their final extinction in the general catastrophe of a deteriorated race.

And with the law of nature, that all progeny are not intended to survive, we have another. When an undue proportion of such progeny does survive, when any class does unduly increase, then in that same class its wages as unduly and as certainly do diminish(*g*). And the final limit of such diminishing is that of bare subsistence. It would be lower, but that death alone forbids a further decrease. This is forcibly shown and the proofs of such law collected and given by Buckle in his magnificent introductory sketch to the "History of Civilisation in England." There he shows that wherever nature has been prodigal and bountiful in her gifts, wherever conditions have been favourable to mankind, wherever life has been easy and food plentiful, there the densest populations are found, which are invariably divided into dominant and servile classes. It is there we find fabulous wealth, the maddest luxury

the only result is to ensure a greater number living to be a burden to themselves and their country.

(*g*) "The capacity of increase is so great that, if some powerful checks are not placed upon population, the condition of the labourer must rapidly deteriorate, for the greatest accumulation of capital that has ever occurred would entirely fail to create a demand for labour in any way proportionate to the supply of labour which would be forthcoming, if man's power of multiplying his species were not restrained by some very efficient causes."—*Fawcett*, p. 146.

and wildest extravagance on the one hand, and direst poverty and all its concomitants of oppression and contemptuous treatment on the other.

It seems the delight of nature that wealth should gravitate to wealth, and never was deeper truth in any paradox than in Christ's teaching that "to him that hath shall be given, and from him that hath not shall be taken away even that which he hath."

A bitter commentary on the trend of humanity, but never was truer. And it was no argument against such conditions that practically the whole wealth was produced by those to whom so little was given. The wealth of these civilisations was almost entirely due to agriculture, and to agriculture in its most primitive form. There were no complicated conditions of production. There was the toiler in the fields, and to his sole untutored work was the increase due. There were no thinkers, scientists, or organisers to earn a portion by making the whole more abundant, no one but the actual producer himself. To him was due the whole, but to him was given but the scantiest share in return. In such conditions it is right to speak of everything enjoyed being due to labour, and to limit such labour to manual labour only, but it is wholly inaccurate when applied to modern-day methods, especially as found in our country.

In further detail, the author illustrates the working of this law in three great civilisations of the ancient world. He selects a typical case from three continents. From Asia he takes India, from Africa,

Egypt, and from America the olden kingdoms of Mexico and Peru (*h*).

In all were to be found common features. In all, for one reason or another, the slightest labour yielded the most abundant results. India found a vast food supply in her rice, Egypt in her dates and dhourra, and the kingdoms of the new world in the prolific banana. Equally the necessities of life were few. The climate in all was warm and salubrious and the demands of existence were easily satisfied. And the result—teeming populations producing much, receiving little, and the results of their labour monopolised by the favoured classes. In all, their condition was misery itself. Bound to the soil, slaves of custom, their only liberty was to toil, to suffer and to die. From birth to death they were legislated for, and woe betide the unfortunate who tried to change or better his condition. They were the victims of an awful despotism maintained by cruelty and perpetuated by their helplessness. They were under the heel of their oppressors and their spirit was broken. They had neither energy nor thought to rise in vengeance, nor was their least degradation that they accepted their fate as inevitable and ordained. Their lot was labour, labour

(*h*) The ancient civilisation of the valley of the Tigris and Euphrates seems, to some extent, to have escaped the curse. They existed in such a continual vortex of war that man had the further value of being necessary as a soldier. In turn we find the Turanian, Semitic and Aryan races obtaining supremacy, again sinking into servitude, to once again rise, and thus for some thousands of years maintaining a high level of individual excellence.

quicken by the lash if their debilitated manhood refused to yield a full tale of work. Their lives were of no value, not that of a sheep, their sufferings of no consequence. Only their aspirations evoked the interest and with it the fierce vengeful ire of their masters. History tells of no successful attempt of such to throw off their servitude. Helpless, hopeless, degraded and depraved, their lot was but to endure and suffer from their cradle to their grave. This is what a too abundant nature had done for these unhappy people. Her very bounty, the magnificent return she gave to their labour, but served to make them slaves and grind them in the dust. And this is what an indiscriminate feeding of the lowest of our population will do for them, and happy will be the nation, if in their degradation they do not drag down other classes with them. Our science, our efficiency, our progress is enabling us to reproduce the condition of these ancient monarchies, with the possibility of the same terrible results.

Happily, one important difference governs. Our very efficiency depends on intelligence and vigour, and these cannot be found in a servile race, nor without good food, adequate education, and a general substantial comfort. And these our first-rate tradesman to-day enjoys. He is a prince amongst the workers of the world. But fortunate as he is, no one is severer, no one draws a harsher line than he does between himself and the blackleg, as he contemptuously terms the lower class of worker who would share his prosperity. He is prompted by the

instinct of self-preservation, well for himself, but of little happy augury to the ill-paid, hard-worked, and most destitute of our population (*i*).

We embarked on this inquiry to determine whether the intrinsic value of such labour was so small that it was fairly represented by its market value, or were there other factors in operation to reduce its reward beneath its true value. In the light of past history, can we for one moment deny that there are forces, very powerful forces, at work to so depress it, so powerful that probably there is little or no relation between the market and intrinsic value of such work done? In the civilisations we have considered we have seen the intrinsic value of the services was nearly the whole of the wealth produced, whilst the market value paid for it—the amount given to the worker—was less than a half, or even a third of the product of his toil. So to-day have we more reason for contending that the market value of the services rendered by our poorest paid fairly represents their true or intrinsic worth? As individuals, we may try to beat down such market value. In business so fierce is competition we must so try, but our very duty as a community may be to see that, as individuals, we do not succeed. The very foundation of individualistic society is the *just* payment for services rendered,

(*i*) In a later chapter we notice that although the wage-earner of £3 a week and under received in 1904 880 millions out of the 1,710 millions, the then total income of the nation, and more than the whole nation received forty years ago, yet our problem of poverty is further from solution than ever.

and our last duty as a State is to find at what bottom figure some slave class can be compelled to labour. Our problem is to determine what services are truly worth. From the standpoint of selfishness alone we approach the subject—in theory pure selfishness, in practice moderated by altruism—and we leave to idealists, moralists and philanthropists to enforce the duties owed to charity, one's conscience or one's God. And from this standpoint we ask, What has a man done for the community, the sole question, and what should he receive in return?

And, apart from market value, do we not find another guide to the worth of his labour? To-day the result of labour as a whole is a magnificent abundance, and our question is "Abundance—how should it be divided?" If an honest worker does honest work, should not his reward at least be a sufficiency? His forefathers by their toil were able to exist. Shall not he, with man's powers quadrupled, be able to earn enough? What if his conditions be such that he can command no more? Does not the law owe it to him that such conditions should be altered? What if it be that he is the victim of improvidence? Then what steps is the law taking to end such improvidence for the future? Our duty as individuals may be limited to those of our own surroundings, but as legislators we owe an even greater debt to generations yet unborn (*k*).

(*k*) Moral duties present themselves under three aspects, which are well exemplified by the case of a hungry child. The individual who sees a child hungry and does not feed it

As a matter of justice, not of charity, such earnings should not be governed by the iron custom of market value alone; but how to moderate such custom is the social and economical problem of our age. The difficulty is not what wants doing, but how it should be done—not *what*, but *how*. Before we can even discuss such question, a further inquiry as to services and their value, and employment generally, demands our attention.

is either a brute or more than a man. But the philosopher, before making provision to feed that child as one of hungry children in general, has first to inquire will he thereby lessen or augment the sum of human misery. To feed two hundred in the present that a thousand may exist in wretchedness in the future is neither true mercy nor sound statesmanship. Then there is yet a third standpoint—that of infinite Power, which permits conditions to us inexplicable, and concerning which we are utterly incapable of expressing any opinion whatever. Finite, it is altogether beyond us to enter into the spirit of the infinite. All we can do is to say with Abraham, "Shall not the judge of all the earth do right?"

## CHAPTER VII.

## THE VALUE OF SERVICES RENDERED—OUR FAIRLY PAID.

WE will now pursue our inquiry one stage further.

Exactly as we have found that the market value is but an unreliable guide as regards much of our ill-paid labour, so it may prove to be equally fallacious in the case of some of our highly-paid labour. That is not to say that much of such labour may not be of the greatest value—possibly of priceless value; but that labour may in some cases be as much over-rated as under-rated by its price in the market. But intermediate between the two is a mass of labour which is fairly paid, and where the intrinsic value of the services rendered and the market value, especially when averaged over a series of years, are not widely different.

It does not follow that services are over-paid because highly paid, and the payment may justly vary from the greatest possible sums to the most trifling and inconsiderable amounts.

Here for an instant let us glance at the various classes of such justly-paid labour. We see how enormously they may differ in value. Some are almost beyond value. Such were those of Pasteur, who saved an industry for his countrymen, of Lister, who taught us antiseptic surgery, and of Darwin, who introduced a new era in thought.



Such have been those of the many philosophers, thinkers and scientists who have been the pioneers and benefactors of mankind. How, also, shall we estimate the value of a Nelson or a Marlborough, who saved the liberty of nations, or how appreciate a Chatham or a Cromwell—proud, strong, invincible, the inspirers of our race? Their and other like services are beyond price; money cannot balance the account. We are and for ever must be in their debt.

But the majority of services are not of such exalted worth, and can well be estimated by a money return. Amongst these also are to be found the widest differences. If we only consider the ordinary vocations of life we find some far more valuable to society than others. Take the case of a man of genius who enables his fellows to produce four units of return where before they had only produced two. Cannot we at once recognise the great value of his services? So if for his reward he keep one unit, who shall say he is too highly paid? He becomes enormously rich, but does not society equally benefit by its share being three units of result instead of two? He may be overpaid, that is possible, he may only have anticipated others by a few months; but the instance we are considering is that of a man, possibly imaginary, who has of himself made this great stride forward. Our experience teaches us that it is by no means the real pioneer that always benefits, but not unfrequently the keen man of business who may have little to recommend him but his smartness. But

this remark must not be taken as applicable to the trading classes as a whole. To them the nation owes much. Many a great merchant has built up his princely fortune by the saving of threepence or sixpence in the pound, savings which would easily have been lost but for his foresight and organising—lost to him, lost to his servants, and lost without one other creature in the world being a farthing the better.

So the man who saves his country, or his county, or his city, or his company, or his partners, or his servants from mistakes, may well be worth the largest sums. An act of folly may destroy more in a week than ten wise men in their wisdom can restore in a year. The man who can direct wisely and save his fellows from error may be almost priceless in his counsels. What country, what party, what home has not suffered from ill-considered suggestions and ill-considered acts? Other instances will suggest themselves where services are of the highest value. Who shall say the doctor whom everyone would call in, the writer whom everyone would read, the composer whom everyone would hear, do not worthily receive large sums for their services? And so with the teacher, the artist, the singer, the lawyer, the actor, if in demand, must they not earn more than those who have not gained the confidence of their fellow-men? A large income rapidly mounts up if made of many littles willingly paid by a numerous *clientèle*. We need not pursue our illustrations further through all the routine relations of life, its menial labour, artizan labour, or high-class labour, which go to

make up our complicated civilisation, but in all of which we find payments willingly made and contracts entered into to-day which would be as gladly repeated on the morrow. The test of a fair contract is that if the parties were put back into the same position as they were in when they made it, they would once again be glad to carry it through on the same terms. Happily this is the case in a vast number of our transactions, and by this test we can say that in the main they are fairly just. When we find services freely given and payments willingly made, and when at the same time we find equal independence, equal intelligence, and equal power of bargaining, it is then we see individualism at its best. No advantage is taken on either side, the value of services and the amount paid for them are practical equivalents, and as a man contributes so he receives.

As a rule the elements which go to make up the value of services are :—

1. Payment for personal services.

In principle, such services are the same whether rendered by a man acting as a master independently or as a servant directed by another. There is no magic in the name “master” to make his services more valuable than the same services performed by another acting as the servant of someone else. It is the value of the services that has to be appreciated, not the position of the one who renders them.

Nowadays, in actual life, it is rare that any man works unaided; generally servants are employed to more or less extent, and this item usually breaks up into two :—

1. Payment to the employer for his personal services.

2. Payment to the employed for their personal services.

Then in every industry capital has to be provided. Its origin and nature we will consider later. It may be divided into three classes :—

3 (a). Invested capital for the provision of premises and plant, terms to which the widest meaning must be attributed.

3 (b). Floating capital necessary for the purposes of finance, and

3 (c). Sunk capital for money or labour sunk in originating, qualifying for, or otherwise building up such business. The long and arduous education of a doctor is a simple example of such sunk capital for which a return is fairly demanded (*a*). So the expense of starting and advertising a business, which is often serious, is another, and in the case of inventions and experiments we find instances of labour and money similarly sunk in the sole hope of a future reward. Further, as the ultimate payment for such expenditure is often more than problematical, so this reward if secured is usually a

(*a*) Goodwill is another example of the present sacrificed for the future, and is an important example of sunk capital.

very large one. The chance of getting no return and making a loss is so serious that the very risk involved demands a high compensating prize if successful. And this element of risk brings us to our last item, which we may well term insurance.

4. In every industry the risk of loss, not only of one's labour but of one's capital as well, must be taken into account and provision made for it by way of insurance. When the risk is small and the returns certain this item is reduced to a minimum. This is well illustrated by our home railways, which command more capital for less interest than has ever been known in the world's history, whilst on the other hand some mining concerns can attract investors only by holding out the prospect of fabulous dividends. In ordinary businesses the item varies considerably, and usually there is much difficulty in estimating what it should be. Sometimes the risk is actually insured with third parties, though as a rule it has to be taken by the master himself. Of great risk incurred and partially insured with outsiders we have an example in the course of business usual in the cotton-spinning industry. One of the most serious risks is the violent fluctuations to which the raw material is subject. To minimise this the spinner, when he books his orders for yarn, at the same time also buys his cotton against them in advance. Those willing to so sell form what is known in the cotton world as the future market, and their business is to insure the actual trader against the variations in the

value of the crop. Sometimes they are abused as an association of gamblers, but this is an excrescence of their day-to-day transactions. The reason for their existence is the legitimate one that they take risks it is well the manufacturer should be able to cover. For, apart from such special risk, the cotton-spinner in common with most business men has quite sufficient other risks to take himself which he cannot insure against.

But in the same way as the cotton broker in the future market makes his living by insuring him against one class of risk, so he and every master has to charge against his business the insurance of those risks he has to take himself. These his servants cannot or will not share, though in many cases he would pay them liberally to divide with them his responsibilities. Masters, like men, would usually be more content with less as a certainty than with larger gains accompanied with the sickening anxiety of there being little margin between them and ruin.

We have thus indicated the large value services may have, and for which payment should fairly be made. We have further inquired into the elements which go to make up cost, and which must be provided for, and recapitulating the items our position is:—we wish a master to be adequately paid for his services; we wish those working with him to be adequately paid for theirs; we wish him to have a fair return for the use of his invested capital, his floating capital, and his sunk capital; and far be it from us to object to his receiving a fair charge by

way of premium for his risk run ; but when he is adequately paid for all of these, and yet receives considerably more in addition, we begin to demur and ask the reason why (*b*).

If a man is fully paid, as we have stated, for services rendered and yet receives an extra amount, it would *primâ facie* appear that he receives for them more than they are worth. A very large income from a business is not necessarily conclusive that a man is overpaid, but it reasonably suggests the inquiry how any man's services can be worth so much. But where every item of a transaction is just, where every transaction of a mighty business is just, we must be slow to impute either wrong-

(*b*) "The profits which a man obtains from his business are composed of the three following elements:—

1. A reward for saving, or more properly a reward for abstinence.
2. A compensation for the risk of loss.
3. Wages for the labour of superintendence.

It is very easy to ascertain the portion of the profits which ought in any particular instance to be allotted as the reward of saving. In every commercial country there are investments the security of which is regarded as perfect. The interest which is obtained from capital invested in these securities may be considered as entirely the remuneration for saving. He who so invests his capital cannot receive any remuneration for risk when there is none, and the investment entails no labour upon him. The interest which is obtained from such securities is termed the current rate of interest."—*Fawcett*, p. 157. Next risk and insurance for risk is admirably discussed, as also the third item, "the labour of superintendence, the remuneration of which is influenced by many of the same causes which affect the wages of ordinary labour."—*Fawcett*, p. 159.

doing or selfish extortion. Some great organisers of industry do from time to time appear, who are none the less beneficial to the community that their operations are on the vastest scale. It is not with their earnings we have any ground of complaint, but with those who, having received all that they are entitled to, rob the public by still further exactions.



## CHAPTER VIII.

### VALUE OF SERVICES AS PRACTICALLY DETERMINED.

WE have observed on the disparity in the value of services even when fairly estimated. The factors determining such difference afford one of the most interesting inquiries in the whole range of political economy. No doubt the first and foremost factor is the personal one. This may be accentuated by outside conditions, but the difference in the man ultimately determines the difference in the value of his services. From the man of little or no efficiency right up to the man of unbounded genius, the earning power increases in a rapidly increasing ratio. From a bare subsistence dole to the riches of a Croesus, the reward for services may vary. Thus, we see the eminent lawyer receiving in a month what has to content a labourer for fifty years of arduous toil; a queen of song receiving as much for a few ballads in an evening as would keep a journalist for a couple of years; or a great merchant receiving in one year's profits enough to make a dozen of his employés independent for life. And compared with the earnings of their own particular class, the difference is almost as marked. It is difficult to say how many K.C.'s might not be made happy with the earnings of a Russell or an Isaacs; how many proficient professionals might not be kept in luxury with a few months' earning of a Harry

Lauder; or how many merchants might not be rich with a hundredth part of the income of a Carnegie or a Rothschild (*a*). So many an eminent consultant earns fees that would keep in comfort nearly a hundred worthy practitioners. A bishop has a salary that would feed a tribe of curates and their little ones, and there are artists who can command for one picture more than a not very inferior brother can get for ten years' output from his studio. And all these vast sums are earned in spite of most withering competition. Some are favoured by special conditions, and some have no assistance whatever, but are wholly and solely dependent on their own personal powers alone. It is in considering such cases we see the extreme difficulty of putting any measure on what a man should earn. We have instanced Harry Lauder, a prince of the music-halls. Popular rumour attributes to him earnings running into five figures for a few months' tour (*b*). But who is to say him nay—say it is too much? Every pound is made up of shillings willingly paid by his admirers, who are many and devoted. Other generations may judge the intrinsic value of his services by other canons, but for ourselves, which of us can say it is not fairly his own? Happily, no doubt, such extreme cases are rare. If

(*a*) Society is not unlike a racecourse. The winner overloaded with prizes and the outsider hardly worth his keep. And perhaps not a nail's breadth difference in stature.

(*b*) And it is said he has bought landed estates with his earnings. Why equally are they not his own also? However, this forms the argument of a later chapter.

it were not so, it might well be that individualism would prove impossible as a state of society. But with us the average fairly paid services so vastly predominate that we must not allow our judgment to be warped by dwelling too long or earnestly upon what are rather the accidents of society than its rule. In fact, we can easily understand the extreme difference in the value of services in the case of genius and in the case of direst poverty; but why, we inquire, the still great difference between the earnings in the ordinary avocations of daily life? The question is a difficult one to answer really satisfactorily. The broad universal law governing all payments for services rendered seems to be competition. The community want services, who will give most for least being the overriding condition of modern society. Thus, payment for services will depend on the urgency of the demand for them and the number of those qualified to perform them.

In primitive society the most urgent demand was for safety; hence the reward the strong man was able to command. Nothing was too much for him, not even a crown. In our days, when personal safety is taken as a matter of course, it is difficult for us to put ourselves in the position of our ancestors, with whom it was the first consideration. So, when we are inclined to differ with the standard of payment for services in the past, we must first ask what were the conditions of life and thought then prevailing. However, we do not propose to trace the historical argument through its various stages,

for we are dealing with things as they now are, and practically, in our present condition of society, all wants will call into being a supply at a price. What will determine that price will be the competition of those available to supply such want. Thus, whilst the value of services is determined by competition, such competition will be regulated by the number of those who can perform them. This will have far more to do with the market value of such services than any intrinsic merit in the services themselves. In the days of Rome's luxury the services of a cook were of greater worth than those of a general in the days of her simplicity, and with us also similar services are very differently paid for to those of a curate, or even an esteemed vicar of a thriving congregation (*c*).

If numbers govern competition, and competition governs earnings, it will follow that where numbers are unrestricted, either through actual increase of population or through the work being such that any one can do it, the competition will be extremely severe, and the average earnings of the whole will sink to a very low level. This class will be subdivided in itself, because there is no work all can do equally well, or where conditions are the same; and it will vary between the best paid of such class, who may earn even more than the worse paid of a superior class, and the lowest paid of all, whose

(*c*) Possibly, maybe, a really fine cook has a touch of genius that puts him out of the pale of ordinary competition.

earnings sink to the point of the barest subsistence. This is the limit and only limit. The competition of numbers forces it to this limit, and it cannot go below, because numbers lessen, and with them the competition.

Then we come to the next class, where special training is needed to perform certain services. This at once lessens the numbers available and the consequent competition. Therefore, the average level of their earnings as a whole is considerably higher than that of the unrestricted class. This class is again subdivided, and some of the worst paid in it may well earn less than some of the best paid in the lower one. But the average is higher; the scale of remuneration is better. So, again, the special training necessary may be longer or shorter and accompanied with more or less expense. The longer and more expensive the education necessary, the more the restriction of numbers, the fewer to compete and the higher the scale of pay in consequence. No doubt in many businesses demand will be smaller than in others, but this supply will adjust itself, for it is obvious a man will not go through a long and arduous training to earn only the same as he would have done without it. But in addition to the essential restrictions on numbers of ability and qualification, artificial restrictions are introduced to more or less arbitrarily exclude others from sacred preserves. These have a twofold operation. They tend to raise the average earnings of the restricted class, and to depress the earnings of the unrestricted classes by increasing their numbers and competition, and

thereby lessening their earning capacity as a whole. A man fitted to be a solicitor who has to be a clerk, or a man with the training of an artizan who has to be a labourer, is artificially prevented from selling his services to the best advantage, and further, more or less unfairly depresses the earnings of the class to which he is compelled to resort. Thus, the lowest class of the community is the class that suffers most. It has to bear the brunt of every law, natural or artificial, which reduces pay for services to a minimum.

Other moderating influences also affect all the callings of life. Many a man enters the ministry from a sense of duty, and many a man wastes his hours writing from an impulse of vanity. So some are attracted by the dignity of a profession as others are scared by its risks. To some prospects of great gains hold out inducements, whilst others are tempted by something little but sure. But, generally, it seems that any condition which lessens the numbers available to do certain work lessens competition, and raises the average level of the remuneration of such classes(*d*).

And here it would seem that there is no more decisive dividing line between one class and another than between those who have capital and those who

(*d*) This influence of occupation on reward has been fully and delightfully discussed by Adam Smith in his magnificent tenth chapter of the first book of his "Wealth of Nations." Advancing his argument one step further, the author, with considerable diffidence, submits that the possession of capital constitutes a similar distinction with even more far-reaching effects.

have not. What capital is and how it is accumulated will, as we have said, be the subject of our inquiry a little further on, but here we may observe that the functions of capital seem to break up into two radically distinct elements, the difference between which needs always to be remembered. In its primary function capital as capital, regarded as an item necessary for production and as one of the items of cost to which we have referred, is content, as we shall see, with a very modest remuneration indeed. In this form it is an unqualified blessing to the worker whatever his rank, it enormously adds to the productiveness and efficiency of his labour, it is to be had for a most trifling annual payment, and, above all, it serves him best when it is most secure. This is the one function of capital; the other, every whit as important, is the difference it makes in the conditions of those who have their services to sell. The possessor of capital who wants to dispose of his labour to the best advantage is in quite a different class from those without. The man with a thousand pounds and the man without are on entirely different planes as far as selling their labour is concerned. Whilst this is so, it must also be remembered that this power of capital may be taken to be largely exhausted when once it has enabled its possessor to qualify for a restricted class of employment. The thousand pounds sunk in education which enables a man to become a solicitor, and which would have left him a mere clerk had he been without it, may have finally effected its function in this respect by having

enabled him to qualify for the superior occupation. But once a solicitor, and the difference between a solicitor with a thousand pounds and a solicitor without, is nothing like so marked. Similar observations apply to exchanges where the purchase of a seat is made essential to doing business in certain markets, or to the taking of certain degrees which are made equally essential in some professions.

It is perhaps in these matters where we find the power of capital in this respect in its fullest operation. But whilst this is so, it is also here where we see how its want is again and again made up for by energy, self-denial and unremitting toil. To-day thousands and thousands of our most successful men are those who, having had no capital to start with, have, by indomitable perseverance, forced themselves into the ranks of those who have usually been able to buy their entrance. And, once there, their very earnestness and self-denial so developed carries them right to the very front(*e*). So, on the other hand, the very advantage with which many a more favoured young fellow has started, without exactly being his undoing, has yet left him in the ranks of mediocrity for the whole of his life(*f*). And this

(*e*) "Many employers of labour—in some parts of England more than half—have risen from the ranks of labour. Every artizan who has exceptional natural abilities has a chance of raising himself to a post of command."—*Walker, Pol. Econ.*, 233. And in all our professions, how many a lad is helped on by scholarships from the humblest beginnings! This is as it should be. We want our best at the top.

(*f*) It is an old proverb—"A moderate income, a moderate curse."



fact has to be particularly remembered when we come to consider the advantages conferred by still greater amounts of capital. Just as the man who has a thousand pounds is in an entirely different position for selling his labour from the man who has none, so is the man with ten thousand pounds quite in a different category from him who has only a thousand pounds. Similarly, the man with a hundred thousand pounds has fewer competitors than the man with only ten, and the average level of the profits of his class tends to equally increase (*g*).

Then we come to the millionaire class, which can sell its labour for fabulous amounts, and the multimillionaire, who simply absorbs the wealth of continents before he is sufficiently paid. Nothing is truer than the universal experience of every successful business man that his first hundred pounds cost him the most effort.

And all these adventitious advantages may be combined with the greater or less personal efficiency to which we have referred. When the greatest ability is combined with the greatest capital, it forms a combination that is an absolute menace to the rest of us plain living men. A Gulliver among the Lilliputians was no more dreadful than such a stork amongst the frogs; the rest of us only exist that we may be gobbled up.

(*g*) When working with large capital on a large scale results in higher efficiency and more economy of labour, no one loses by the large rewards such masters secure for their services. On the contrary, all are better off for their success.

But apart from genius, for the successful handling of large sums is needed exceptional ability, and, fortunately for the rest of the world, the combination is not a universal one. On the contrary, we have seen the first tendency of inherited wealth is to sap that keenest effort which is necessary to the greatest success (*h*). No doubt this potentiality of capital in the hands of a strong man furnishes some argument for a change in our social conditions. But in life a balance of convenience must govern our conclusions. The increasing ease with which large earnings are made as they grow ever larger may be, and probably is, the soundest argument in favour of a steadily increasing graduated income tax (*i*). But it is not a reason for pulling down an entire system which, as a whole, probably works far better than any other by which it could be replaced. For even as regards the advantage given in the choice of business or profession afforded by the smaller amounts of capital, we have seen how this can be

(*h*) The mere possessor of capital will employ labour at the risk—almost the certainty—of total or partial loss. It is no longer true that a man becomes the employer of labour because he is a capitalist. Men command capital because they have the qualifications to employ labour.

(*i*) Nor would it check their industry unless very excessive indeed, owing to the progressive facility with which the larger sums are earned. A barrister or singer getting fees running into thousands of pounds, still more patentees or other business men, are not going to be retired by a tax of even ten per cent. on their earnings. So, further, one who benefits so largely by existing conditions may well be called upon to contribute largely to their maintenance. (See also additional note at the end of the chapter.)

replaced, and in numerous cases is replaced, by hard work and saving habits. And these qualities of hard work and saving habits will not be denied in any system of society (*k*). The child who gives up a picnic rather than risk the loss of a prize for school attendance will, all the world over, prove a valued citizen, whilst, on the other hand, the boy who must have his game and has to be whipped through his task will always be in the tail of society, however constituted. Parents may do much for their children. Many a parent in our working classes could easily raise their children out of the lowest rank of unrestricted labour to a higher one if they were not absolutely selfish. But rather than lose their pitiful earnings for a year or two they will sacrifice their future in its entirety. No doubt the not doing so would involve some self-restraint—some privation—on their part, but in life the law of success, the law of happiness, *is* the law of self-denial. In all the range of investments there is nothing returns so huge an interest as the self-denial of to-day which yields abundance for the morrow. *Carpe diem*—and a miserable diet you make of it. But lay up treasure in the future, even if not in this world, and happiness is assured.

(*k*) “Many other remedies for improving the condition of the poor have from time to time excited public attention. The question of primary importance is, will the agency proposed exert an influence to make the poor rely upon self-help?”—*Fawcett*, p. 236.

### Note.

On what principle taxes should be contributed by members of a community is a matter on which opinions vary. The different schools are not unfairly summarised by Mill as follows :—"How many, again, and how irreconcilable, are the standards of justice to which reference is made in discussing the repartition of taxation. One opinion is that payment to the State should be in numerical proportion to pecuniary means; others think that justice dictates what they term graduated taxation—taking a higher percentage from those who have more to spare. In point of natural justice a strong case might be made for disregarding means altogether and taking the same absolute sum (whenever it could be got) from every one; as the subscribers to a mess or to a club all pay the same sum for the same privileges, whether they can all equally afford it or not."—*J. S. Mill, Utilitarianism*, p. 87.

The true underlying principle—the converse of the one under discussion—is payment for services received. A nation is but an aggregate of people living together who give services and receive services to and from one another, and that society is most perfect where such services are most justly valued. Individuals give services, and should be justly paid; they receive services, and should justly pay. Living together involves a certain sacrifice of individual liberty, and on the whole it is not unreasonable that, so far as necessary, the minority should fall in with the wishes of the majority. But this does not alter the fundamental principle of contribution to the general purse to which we have referred. Each should pay in full for what he receives; but, having so paid, his fellows have no further claim upon his purse. How such quota should be determined demands a lengthy inquiry; but once determined, it should be impartially collected from all. It is not open on the grounds of convenience to make any pay more than their just share. The principle of convenience is only to give effect to, and not encroach upon, the principle of just contribution. Nor is it open to try to right a wrong by taxation. If a man acquires wrongly, the duty is to prevent the acquisition in its entirety. To take from all of a class because some are bad is to make the good suffer for the evil. If the good have already contributed their just share, and more is taken from them, they are no less robbed because it is done by their fellows acting collectively than if it had been done by a few acting independently.

## CHAPTER IX.

### ON PRICE AS A MEASURE OF VALUE.

THE practice of measuring the value of a commodity by its price is so universal that it may be well to here briefly discuss their mutual interdependence.

Three different terms may be used to denominate the value of services and of the products of such services. There is their *intrinsic value*, a value only discovered to the highest and more than human intelligence, and founded on a perfect knowledge of what in this world is alone worth striving for. Of such value each age has its own and different conceptions, and its further elucidation and discussion is the part of the philosopher and idealistic teacher. Enough for us to realise that perhaps some of our most cherished riches are but dross, whilst other despised possessions are the jewel the savage spurned. Esau sold his birthright for a mess of pottage; we also may have sold an eternal inheritance for substance of as little worth. Next we refer to *natural value*, or the value more or less determined by the cost of production taken over a number of years, or under free conditions of competition. Then we have the *market value*, governed by the supply and demand of the hour. Thus, whilst intrinsic value is the special province of the theorist, the politician should have regard to the

natural value, and all-important to the business man is the value on the market at the moment he makes his bargain.

But whilst the establishment of universal intrinsic values might occasion a curious re-shuffling of society (*a*), the difference between the natural price and market price is one of degree only. Violent fluctuation may be more marked in the one than in the other, but in both are equally existent the marked dissimilarity in the value of the services themselves, into which we have inquired in our last chapter. It is this dissimilarity which seems unsatisfactory, but the difference is innate, and is independent of the medium by which it is expressed.

Our custom is, for convenience, to express the value of services in money, but such expression neither makes nor alters the value of services. To the different members of a community, what alone is important between themselves, is not the nominal value of services, but their relative or proportional value one to another. In England a mathematical coach will charge 7*s.* 6*d.* an hour for his services, whilst a labourer only commands 6*d.* for the same period. In other words, an hour's services of the one are worth fifteen hours' work of the other. So long as this relative value is maintained it is of little consequence how it is expressed, and the difference would be the same if one earned only a grain of silver worth a small fraction of a penny,

(*a*) In Japan the master carpenter ranks socially higher than the merchant.

and the other received fifteen. Provided the whole standard of exchange is the same throughout the community for purposes of interchange of services and commodities, it is unimportant whether the standard is high or low. Thus the Japanese, when they maintained their complete isolation, had a very low standard, whilst many a South American Republic has now as high a one. We have spoken of its being of no importance what the standard is as long as peoples remain isolated. But peoples nowadays are not isolated, but have the largest possible transactions with one another, so that it is important that not only should the standard of exchange be the same for each of them separately, but it should also be the same for them collectively, so far as they exchange services with one another. Thus, whilst it is immaterial what standard rules in a self-contained and isolated community, yet directly it begins to have relations with other countries its standard and theirs are certain to approximate to each other, and this approximation will become the closer the freer the interchange of services between them (*b*). To-day all countries

(*b*) One of the tendencies of free trade is to equalise prices throughout the world. This has a tendency to a low standard of general prices, as each country's price of commodity will be hardly greater than the price in the country itself where the commodity is produced. But this is no disadvantage. The country that buys all its commodities at the lowest price avoids the risk of paying too much for any. On the other hand, merchants who do foreign trade, and who buy at home when a low scale of prices prevails, sometimes make excellent profits when they sell in countries where a high scale of prices is the rule.

are largely connected by commerce with other nations, and all are more or less influenced by the standards of one another. But whilst this is the case with all, it is particularly so with ourselves. Our over-seas trade is over £1,000,000,000 a year, with, in addition, our shipping business, which runs into the largest figures. Therefore, whilst the value of our services is determined by their relative value *inter se*, which relative value is independent of the standard of reference, yet the standard itself is fixed not only by our home trade, which might be more or less arbitrary, but by our immense business relations with other nations, where we have to take their standards as we find them. Having thus satisfied ourselves what our standard of reference is, we are able to enter on the next stage of our inquiry, how are prices fixed (*c*).

In the first place, we see that all services have a related value one to the other. If a labourer is paid one unit per hour, we have seen a mathematical coach would command fifteen units for the same time. A well-to-do merchant would want about 40 units, and a clever mechanic or foreman from two to three units for an equal amount of his work. This general scale of exchange, reduced to the gold standard of the day, gives the nominal value of

(*c*) To be technical, we can say that prices represent the value of services referred to a common standard. However, the definition is not more material than most definitions. If a definition agrees with the popular conception it is hardly requisite, and when it differs it is always misleading, and is usually the source of innumerable fallacies.



services in money which we call the price. Taken over a sufficiently long period, the average of such price determines what we may call the natural price of services and of the commodities those services produce. The natural value of commodities is thus governed by the amount of services necessary to produce them, with a trifling addition for what the unworked raw material may be worth. Thus, if coal sell at 20*s.* a ton, the actual coal itself, unworked and unsought, might be worth anything up to 4*d.* or 6*d.* a ton, according to its quality and accessibility. The rest of the cost is for the labour expended on it. So in times past and present land has been largely given for services rendered or to whoever would work it, so that the rent now paid to its owner for its use has to be added to the cost. In agricultural land, especially where a good deal has been spent on improvements, this may be a moderate percentage of the cost; but in manufactured articles, where the value of the raw material is a trifle compared to the ultimate work put into it, such item becomes the merest bagatelle.

But having arrived at the natural price in this manner, we find the day-to-day prices fluctuate largely, and are governed by the supply and demand of the hour. To the smart merchant the all-important consideration is the market price of the day. His profit or loss may turn on a fractional movement of a penny in the price. So good and bad times are largely influenced by rising or falling markets, and in governing temporary conditions supply and demand have far more effect than those

laws which govern the natural price and which are sluggish in their operation (*d*). But whilst, as we

(*d*) Demand and supply fix price.

Demand may be for—

- (a) Articles which cannot be increased in number, as some works of art.
- (b) Articles which increase in cost the greater the demand, as agricultural products which have to be grown on worse land.
- (c) Articles which can be produced without limit, such as boots. (*Fawcett*, p. 315.)

Two principles regulate the price of a manufactured commodity:—

1st. The price of each manufactured commodity must on the average approximate to its cost of production.

2nd. The demand for a commodity varies with its price, and the price at any particular time must be such as to equalise the demand to the supply.

The forces operating to make the first principle effective are, further competitors attracted by profits being extra good or above the “natural rate,” and works being closed when the price will not yield the natural rate.

In case of extra demand, those already in the business have the opportunity of making large profits, for it always takes some time for other competition to become effective. (See *Fawcett*, p. 339.)

The operation of the first principle is more or less sluggish, and hence the great variations in price due to variations between supply and demand. These introduce the element of risk which makes the item for insurance so vitally important. Thus even the cornerer of a market may urge that the risk of loss is about the same as the chance of gain, and may ask why must he bear the loss and be deprived of all hope of gain? The answer is obvious. Fortunes are now so huge that it is possible for a ring to buy up a world's crops of necessities, when the risk of loss is reduced to a trifle and the possibilities of gain become correspondingly certain. But above all it is a form of trading that is most undesirable. We want all business done at its natural profit as far as possible.

have said, the question of supply and demand is all-important to the business man—and probably all he concerns himself about, or knows anything about, he is in the business and has to make it pay—yet to the economist and legislator the all-important laws are those which affect our business conditions over considerable periods of time. Thus if we take what we consider the most unsatisfactory part of our present individualistic society, namely, the wide divergence in the payment for different services, we find there are two factors governing them. There is the general level, which is unsatisfactory, and there are the differences occasioned by the fluctuation in supply and demand. These fluctuations are sometimes violent, and afford opportunities of making huge profits or incurring great losses. It is not of vital moment to society, as a whole, how these profits or losses are shared, as in the end they average themselves out; but it is of vital moment that some services cannot command more than  $\frac{1}{2}d.$  an hour and others have a value of more than a shilling a minute.

Thus we see our standard of value, our prices, are fixed by conditions world-wide in their extent. We further see that whilst this standard is not of much importance to nations amongst themselves, what is of supreme importance is the laws which govern the relative value of services amongst members of the same communities.

## CHAPTER X.

## VALUE OF SERVICES RENDERED—OUR OVERPAID.

THE conditions of those underpaid and fairly paid we have cursorily considered, and those of the overpaid now demand our attention. By enumerating the items for which payment should be justly made we have also indicated where there is the risk of overcharges being extorted. We have seen that charges may be rightly made for personal services and also for the capital used and the risk run. As regards these latter two items we shall find they are regulated by a very precisely determined market value, and the chance of overcharge in respect of them is not a serious one. Certainly both can be made the excuse for excessive claims, and insurance for risk run is made the cloak for many extortions (*a*). But probably what generally embraces most cases of over-payment is the item which directly or indirectly is allocated to personal services. This, we have seen, varies between the widest limits, from a bare subsistence wage up to most fabulous sums. The forces causing such variations are those which lessen competition by restricting the class of those who can compete,

(*a*) It is said Mr. Rockefeller thinks his fortune only just adequately compensates him for the risk he has run.

and range themselves under the three heads of special training, arbitrary restrictions, and the ownership of capital.

As regards those who have been through a long and arduous training to qualify for their employment, few will grudge them the extra reward they thereby ultimately obtain. As regards those favoured above their fellows by the possession of capital, opinion is more divided. Taking a broad view, there is no doubt that the advantages so secured are, on the whole, beneficial to society. The desire of parents to do their best for their children, which they can only do when they have some capital to spend on their education, is a most powerful incentive to industry, saving, and most domestic virtues. The father who feels he has a sacred duty to start his children fairly in life not only will be worthy in the matters we have mentioned, but will also be more prudent in undertaking parental responsibilities which otherwise he might find difficult to discharge. Thus in every way this feature of capital results in the increase of that class of parent and citizen who is simply all-precious to the community. No doubt their virtue affords a magnificent start to their children compared with those much-to-be-pitied families where the parents are selfish, lazy and improvident. But to lessen the reward for such self-denial and weaken such incentives to virtue would endanger society itself, and, without raising the worthless, would only result in sinking all down to their degraded level.

Then, further, it has to be remembered that in

many cases where the individual has not been fortunate in his early surroundings, he has been enabled, by his own superior energy and self-denial, to surmount such want of capital and the other obstacles of his youth, and in so doing has developed an efficiency and doggedness that has ultimately carried him to the greatest heights. As regards the further advantages conferred by great wealth, we have seen that they are large; but we have also seen they are likely to be limited by moderating influences, the chief being the incapacity to use such large fortune through lack of personal ability. When this is the case, such fortunes speedily become lost or else pass into the fund of wealth which is let out for hire, of which the interest demanded is but small, and which in every way is of the greatest benefit to the worker, whatever his rank or earnings.

Then, in addition, so far as such excessive earnings are a matter of concern, they can be very effectively and justly dealt with by a graduated income tax, which will have the further merit of applying also to those incomes not so meritoriously acquired.

But we have yet a third way by which it is attempted to increase the payment for personal services, namely, by arbitrary restriction on competition. At this point we must enforce that no unfair benefit can be secured by one section of the community except at the expense of another (*b*).

(*b*) "Once upon a time—in the senate house of Gotham—a motion was made to impose upon everybody a tax and put the whole produce of it into everybody's pocket. 'Hear

It sounds a truism, but it is not altogether acted upon as if it were. Many proposals are most eloquently urged as if they would be of universal advantage. But just as it is impossible to increase the sum of wealth by legislation, so is it impossible to give privileges to some without others having to suffer from corresponding disabilities.

Thus on artificial restrictions of every sort the community should look with a very jealous eye indeed. One class it may evidently regard with the utmost disfavour. We have already seen the enormous and increasing benefit the possession of capital gives to its owner in enabling him to sell his labour at a better price than his less fortunate neighbours. Then all further advantages ought to be severely denied him. He, at any rate, needs no further special privileges. As regards those less fortunate, who desire to restrict their numbers and increase their earnings by artificial methods, more is to be said in their favour, and if they could do it without injuring others even less favoured than themselves we might wish them success. Before we can express any opinion on this aspect of artificial restriction we must more particularly inquire into the conditions which govern the relations generally between employer and employed. Here, for the moment, we must limit our inquiry to masters and the capitalist class only. On every hand we see the tendency for masters to combine

him !' 'Hear him !' 'Hear him !' was the cry. The motion passed by general acclamation."—*Bentham*, v. 269.

together for the purpose of increasing their earnings. It is true there has never been a general combination of all masters any more than of all servants, and as society grows larger and more complicated there seems less probability of such a thing happening. But there has hardly been a time when members of a particular trade have not met and discussed how they could make their own particular craft more profitable(c). No doubt any undue inflation of profits always carries its own nemesis with it. Profits cannot long remain above the average without proving an irresistible attraction to some giant of industry to rush in and take advantage of the inertness caused by want of vigorous competition and make a clean sweep of the whole trade.

So far as such unions of masters carry in them their own seeds of dissolution, they are neither the subject for special fear nor yet for special legislation. But at times it happens that favourable circumstances unite to establish such union in an impregnable position. Then its relations with the public are an entirely different matter. Then it can set at defiance every one of the theoretical safeguards which alone make individualism a possible system. We have seen and are agreed that for individualism to prove just, there must be on the part of all con-

(c) As Adam Smith neatly puts it, "People of the same trade seldom meet together even for merriment and diversion but the conversation ends in a conspiracy against the public or in some contrivance to raise prices."—*Wealth of Nations*, Book I., c. x.



tracting parties equal independence, equal intelligence, and equal powers of bargaining. We have seen how disastrously the want of these conditions has affected the underpaid, and we shall likewise find how disastrous is the want of these same conditions to society itself. When the community is deprived of its independence and power of bargaining it is similarly wronged, and the many are fleeced for the benefit of the few. For services rendered workers should be paid their fair value. Anything they secure above unjustly deprives others of what is their right. Theoretically it is no reply to say that it is received according to law. It only proves the law defective. The law should secure to a man his due and only his due. The very end of law is to secure fair play between all classes of the community, and to neither facilitate the enrichment of a nabob class on the one hand nor permit the impoverishment of a slave class on the other. It may make a difference in the moral aspect of the case, for no more can be demanded of any man than that he should keep the law. Except so far as in their character of voters and law makers it is their duty to be interested in the good government of their country, it is no part of people's duty to inquire into a law, as to whether it is wise or foolish; their duty is not to break it. An ordinary business man has enough to do to attend to his own affairs without complicating them with nice ethical inquiries as to their ultimate tendency. If he keep the law in the spirit as well as the letter he does his part, and there is a corresponding duty on the community to

see that what is done under the law should be supported by the law. But the community should learn wisdom by experience, and prevent the law being used as an engine of extortion.

Particularly is this the case with the present trusts and monopolies now so rampant, and in dealing with some of which the community, so far from being independent, is altogether helpless. When traders meet together to regulate prices, but at the same time more or less reserve their separate independence of action, we see they can usually be left to themselves. But the moment, having secured this end, they go still further and more or less agree to pool their profits and so effectively raise prices, they become unjust combinations for the purpose of blackmailing the public at large. The fact that, up to a certain point, they are doing what is permissible makes it difficult to deal with them. Happily it is not in the United Kingdom that we suffer much from them. If we did it would seem desirable for the legislature to enact the principle that it is illegal to raise the price of any article by means of trusts or combinations beyond its fair value, and what is or what is not a fair value to leave to be determined as a question of fact in every case. It could then give a right of action to any individual injured by the breaking of the law, and in suitable cases could itself interfere on behalf of the community at large. So if at any time the principle of a graduated income tax were generally adopted, it could be made useful in destroying such trusts by compelling income tax to be paid on the gross amount of the pooled profits or

total profits of all in the trust. But even this would not compensate the public for the injury they would sustain.

The evils of this system have been particularly emphasised in several of the industries in the United States. Take the Iron Trust, for example. After paying all concerned a fair return for the value of their services, estimated on the most lavish and extravagant scale possible, it has yet enabled its controllers to levy blackmail on the rest of their countrymen to the extent of at least £1 a ton.

Still more terrible has been the operation of the Standard Oil Trust, which, in the term of a short life, has been able to extract from the nation at large over a hundred million pounds. And, if unchecked, still more terrible is the prospect before us in time to come. The vast sums in the hands of individuals astute, keen, hard and grasping enable them to buy up, not odd crops, but the food or raw produce of the world, and, having obtained its control, to sell it again to helpless communities at their own price. So enormous are their operations that their success becomes not a matter of speculation but of certainty. The ravages of pirates and highwaymen were but trifles compared with the legalised plundering of these blackmailers. We say legalised. They act according to law; therefore the law must be altered. If individualism does not kill trusts, trusts will kill individualism. The one unanswerable argument of Socialism is, if industries must be managed and conducted or controlled by huge trusts or syndicates, then the proprietors and

managers of such trusts or syndicates must be the communities themselves. No other conclusion seems possible, and to leave things as they are is to deliver ourselves bound and helpless into the hand of the spoilers. In old days the reward for regrating or forestalling the market—the then up-to-date methods of combines—was whipping or hanging. Perhaps this is a case where our ancestors were wiser in their darkness than we in our light.

Another artificial restriction on competition or monopoly in dealing that not infrequently results in overpayment is that given to patentees for inventions. The fact that to a large extent they are beneficial makes them difficult to handle. The good and bad in them is a matter of degree. The object of granting exclusive rights by the community is to encourage individuals to devote their time, energy and resources to the inventing of things which shall be of service to the community. It is clear no man would sacrifice his time and money to have the fruits of his labour immediately gathered by other people. In the interest of the community it is essential he should be sufficiently protected to secure him a just return for his labour and expense. If this is denied he will, after the manner of the middle ages, keep his most precious discoveries secret, and jealously guard them from the zeal of his neighbour. By the system of granting exclusive rights for a time the greatest benefits have resulted to the community. Progress has been made more rapid and labour economised, for each new inventor, instead of having to discover for himself all the previous

steps of a process, has been able to commence where others have left off. So in the interchange of ideas rendered possible by this system of patents, many a man has learnt from another the very step he has been puzzling over, and in this way, as it were, by the joint product of their brains, society as a whole has much benefited. When it is further considered what risks an inventor has to take, it will be seen that the payments made him when successful should be correspondingly large. The governing principle on which the community so acts is self-interest. Whether as an abstract question of justice a man has an exclusive right to his own discovery might be difficult to decide. There is not an invention in existence but involves the knowledge and use of prior research, to the appropriation of which without their consent the owners might equally object. So it is an extreme view to take that the community owes a duty to the individual to prevent everyone else doing actions perfectly legitimate and innocent in themselves, but which may be thought to infringe on his supposed rights. If he claims exclusive rights he can preserve them by keeping his discoveries to himself. If he chooses to give them to the world he must do so with all the necessary consequences, and it is hardly open to him to ask the community to protect him against the results of his own imprudence. But it is not from this aspect that the community approaches the question at all. Its attitude is, "Here is a man who can do me service if I will ensure him a corresponding return." The foundation of the whole practice is self-interest.

It is no part of the community's duty to be benevolent to any, not even to inventors. Just payment for services rendered is its own unalterable guiding principle. Hence it is that in granting this monopoly it ought to protect itself against the payment made being too excessive. Whilst it is desirable that the inventor should be well paid, it is not desirable that his invention should be the means of driving out of the industry every man but himself. We can well imagine a chemical discovery that will revolutionise a whole trade, a trade maintaining say some thirty or forty prosperous firms. It would be of doubtful advantage to give to any one firm such exclusive rights that all the others would be ruined. This is putting the community far too much at the mercy of such firm, and is giving far too great a return for the invention, however meritorious. What is or is not too much is, as we have just observed, a matter of degree, which of all questions is the one most difficult to settle. And having decided what is too much leaves us an even more difficult question to settle—what remedy to propose. Possibly the best course would be to issue every patent subject to the condition that every competitor should have a right to use it on payment of a reasonable royalty. In case the amount of such royalty could not be agreed, it should be settled by experts appointed by the community, and on the lines which experience, and experience alone, would show to be satisfactory. But the two main ends to be kept in view are the reasonable remuneration of the inventor so that research should

not be checked, and the protection of the public by not allowing all competition to be killed.

Other instances of monopolies might be given; perhaps an example of one of the most serviceable is that permitted to our home railways. Their rights are strictly limited by law, their charges and many of their duties. So they probably do their business better, for less return on their outlay, with more fairness to their employés, and with more consideration for the public than any other trading body in the world. The way their powers are limited might perhaps well suggest the lines on which other monopolies granted by patents should also be restricted.

Two other great sources of possible overpayment remain to be considered. The first is where the payment is made for the joint services of more than one worker, and where the payment is unfairly divided. The second is where, by virtue of some special monopoly of opportunity or position, a man is able to demand from his fellows considerable amounts of the products of their labour, apparently without giving anything in return. Our first opens up the whole of the difficult question of the relations existing between employers and employed, and the second the equally difficult question usually associated with the possession of property. Both are so important that they demand a fairly lengthy examination at our hands. To the discussion of the rights of joint producers *inter se*, we will now devote our attention.

## CHAPTER XI.

## VALUE OF SERVICES RENDERED—THE RIGHTS OF JOINT PRODUCERS.

FROM a superficial consideration of the subject it might be inferred that the interests of employers and employed are wholly antagonistic, that the simplest way for a master to get rich is to underpay his men, and that it must be a continual struggle between them which can most successfully outwit the other. On the surface this would seem to be so, but where competition is free and unrestricted amongst the masters their interests, far from being antagonistic, are more nearly identical than at first sight might be thought to be possible. As regards third parties, this is so almost entirely. Though "partnership" would be a misleading or incorrect term to apply to the relationship of master and servant, still to the outside world they are virtually as partners or quasi-partners, with many of the incidents of a partnership applicable to them, more especially that of its being to the interest of all to make the undertaking as a whole as profitable as possible. There may be a difference of opinion as to the sharing of the profits, but little as to increasing the total amount. Two partners may quarrel all day over sharing their gain, and still



both may desire that gain increased to the utmost possible limit. A young partner with a small interest may think himself miserably paid, may hate his moneyed associate, but still try to improve the whole to increase his share.

So with masters and men. It is by no means clear that their interests are on the same lines as those of partners, but it is far from being certain that they are necessarily adverse. In fact, the contrary is the more probable. It is far from proved that a master benefits by wages being low, or a workman by profits being bad. Rather the reverse seems to be the rule, that profits are good when wages are high, and that wages are high when profits are good. Rather would it seem that the same forces which contribute to raise or depress the one also tend to raise or depress the other. As a general experience it is found that profits and wages do vary together and in sympathy with one another, and as a rule masters and men are both most prosperous when both are doing well.

Individual experience might suggest otherwise(*a*). A trader paying less wages than his fellows secures

(*a*) Individual experience is necessarily misleading. We are each the centre of our own world. What is the world to me? "The world, myself and a few odd millions," or, as Adam Smith puts it, "Though every man may be the world to himself, to the rest of mankind he is a most insignificant part of it."—*Theory of Moral Sentiment*, Part II. c. 2.

Without being necessarily objectionably selfish, yet the one question is, How will any proposition affect me? It by no means follows that what is good for me is good for others, especially where my possession is another's exclusion, and *vice versa*.

the difference as extra profit, and may argue that lower wages mean higher profit. But this is not so. This is not the rule, it is the exception. It is only so when he alone can pay lower wages. When all pay such wages, as all will speedily have to do if he does, prices will fall and his extra profit will disappear, and with it probably some of his ordinary profits as well. As a rule a trader's profit is based on his returns, and so far as lower wages mean lower prices, which mean lower returns, so far they also mean lower profits. On the other hand, higher wages, meaning higher prices and larger returns, also mean more profit. The limit is what price can be commanded in the market. The buyer finds his interests directly antagonistic to both, and would have both wages and profits as low as possible. This again tends to show the community of interest there is between a servant and his employers. In an isolated transaction it may be otherwise, in the case of an isolated firm it may be otherwise, but not throughout an industry. Let us further examine the cases where employers may be expected to benefit or otherwise by low wages.

In a numerous class of cases we see they are not likely to benefit. Thus, let a trader be a broker, or a factor, or any other merchant paid by commission; he obviously is interested in the maintenance of high prices, especially as high prices are the usual concomitant of brisk business. This is still more so when a trader has standing charges more or less stationary, varying with the volume of the business done, but independent of the prices of the day.

These necessarily bear a larger proportion to low prices than to high ones (*b*).

Again, a trader judges his returns by value, not volume. When these are increasing he feels in a position to refuse an order that does not yield him a fair profit. "Some one else can have it; he is not going to slave for nothing," is the expression of his sentiments. On the contrary, in a falling market, when he should be more careful, his returns are bad, and he is desperate: "All my expenses are running on, and not doing a cent; simply can't pass this order." He does not; he cuts his lowest, and finds his way into the Gazette. In a few transactions he may make an extra profit if he can buy in a falling and sell in a stationary market; and whilst this is not an unusual incident in bad times getting worse, it will not compensate him for general slackness of trade.

And this further points to the fact that the same causes that operate to raise wages are those operating to raise prices generally, of which the chief is hard markets due to a good demand and limited supply.

(*b*) Thus, we see that underwriters will practically insure ships against total loss for any amount irrespective of value. The premium is not based on the amount covered, but on the risk run. Hence, by double insuring they do double business with one set of standard charges. Incidentally it also lessens proportionately their risk of particular average. A £20,000 ship insured for £40,000 only sustains damage on the £20,000 scale; the insurance is paid on £40,000 as basis. The limit is the temptation to commit fraud, and as in fire insurance this would be serious, such contracts are contracts of indemnity only.

Again, when personal labour is an important element in his business, a master, in common with all other labourers, profits by its becoming more generally valuable. One of the outcomes of our present system of manufacturing on a large scale is the numerous secondary trades that have arisen out of it. We manufacture boots by the million. Their repair finds more employment than their making did originally. We build motor cars in extensive machine shops, but every village has its garage and local repairer. Watches are turned out by the thousand in factories, but their cleaning and repair find employment for hundreds. So we could multiply examples. In many of these instances the work is usually done by men working for themselves, masters in a small way of business. In their case and all similar cases they have directly an interest in a high value being set on personal labour. As we have before observed, there is no magic in the name of master to make his services of more value than those of another man's servant who does his work in every way as well. His interests are identical with those of that other man's servant, and the more the latter gets as wages the more will his own labour command. When it comes to competing with large firms, it is of much importance to him and the small trader generally that wages should be as high as possible. The only set-off he has against their superior power of buying and organising is his own personal industry (*c*). This reduced to a minimum, his indepen-

(*c*) Therefore a small man should choose trades where

dence is doomed; but let the price of labour be sufficiently high and he may even drive his formidable competitor out of the market (*d*).

Thus we see the community of interest between the small trader and the servant. At the same time the converse proposition must be equally true. So far as small traders benefit by high wages as furnishing them with their most powerful weapon for fighting large firms, so equally, no doubt, low wages are the most powerful weapon for large firms to crush out their small competitors with, and for this reason their interests may be as antagonistic to those of labour as those of their small rivals are identical with them. Probably the question of high or low wages is not so material between masters and their men as between masters and masters, and in the same industry one set of masters may be as largely interested in wages being low as another in their being high. Probably the rate of wages is as vital to one employer fighting another as even to the employed themselves.

personal supervision is the chief essential of success. If he farms, let him rather raise poultry or run a dairy than go in for growing corn, etc. So the small man naturally does well in the repairing trades where individual skill is necessary.

(*d*) Consider a small shopkeeper competing against a great trader. Say his returns are so high as £1,000 a year. His great rival will probably save £50 a year by his superior buying and organising on a proportionate return, and if he can get a manager to do the work for £50 a year the small trader will have no margin with which to compete. If he has to pay £100 a year in wages, the small trader will have £50 on which to exist. If he has to pay £150, the latter will have a margin of £100 in his favour, and may even be in a position to cut him out.

Other instances suggest themselves where apparently high wages might be antagonistic to the interests of the masters as a whole. Whether closer investigation would substantiate this view is doubtful. Such might well be the case where markets are subject to violent fluctuations. Surely when prices suddenly rise it is to the masters' interest as a body to continue to pay the same rate of wages and keep the whole benefit of the rise for themselves. This is so. But against this, it is equally to the interest of the men that the same rate of wages should be maintained when there has been an equally violent fall. This, on the surface, would seem to indicate antagonism, but not if we look a little deeper. What such conditions really indicate is that in some industries, as probably in all, the current prices cannot be relied on, but the average price must be taken as the basis for an average wage. The men's wages may to some extent vary with the current prices, but not nearly so much as the master's profits. Their position does not admit of such extreme variation. They must have a certain amount on which to live, and their employer must take the risk of the extra loss or gain. It is true that in some cases a considerable period may be necessary to establish a satisfactory average. Apparently, between original cost or wages and the market price fixed by supply and demand there would seem to be no connection whatever. But this is not so. In all trades the same forces are at work to maintain an average value, and to ultimately regulate the supply. Masters and men alike desire to go into trades or

businesses that will pay them best. Can a clerk for a time command better conditions than the artizan, then boys are educated to be clerks. Let the clerical market be over-stocked, and you find the prudent parents determined their boys shall learn a trade like themselves. So in other walks of life, men are always on the look-out for employments that will yield them most profit. There are enthusiasts in every walk of life for whom destiny is too strong, and who must follow a certain vocation (*e*), but the large majority are governed by the more mundane question, What will pay? So, also, there are smart men of business always on the look-out for a good thing, who are ready at any moment to find the money for any undertaking which promises something better than the ordinary rate of profit (*f*). The tendency of these forces is such that it is very difficult for any industry to long remain more advantageously situated than the average of the industries throughout the country. Does a trade have a series of a few specially prosperous years? It immediately attracts so much of the free capital of the country into the business that for the time it

(*e*) Ill-starred writers of political economy, for example.

(*f*) "The whole loan fund of the country lying in the hands of bankers and bill brokers moves in an instant towards a trade that is unusually profitable if only that trade can produce securities which come within banking rules. Suppose the corn trade to become particularly good, there are immediately twice the usual number of corn bills in the bill brokers' cases; and if the iron trade, then of iron bills. You could almost see the change of capital if you could look into the bill cases at different times."—*Essay on the Postulates of Political Economy*, by Walter Bagehot.

is overdone, and the once large balances are turned into as great deficits. Is a new industry started, like that of building motors or bicycles? Soon so much capital is invested in it that only a few firms survive the certain and resultant crash. It is these variations or ebb and flow of prosperity that account largely for good and bad times (*g*), but all proving that no occupation or business can show a prosperity a little above the average without attracting numerous capitalists and competitors anxious to share its unusual good fortune. The good returns of existing concerns is largely the stock-in-trade of the promoter, who persuades the public to embark in his companies by showing how well the existing ones are doing. So he is ever ready to provide capitalists with every class of investment suitable to their temperament. To the prudent investor he will offer the moderately certain four or five per cent ; the more speculative and sanguine spirits he will tempt with hope of unlimited gain. But the result is the same in all, and like the safer investments, if the hazardous ones show more than the usual rate of return, money is never long not forthcoming for them (*h*).

(*g*) Another factor is that when prices harden, a trader's margin increases (he having borrowed capital) ; when prices weaken, his margin is wiped out and with it his enterprise.

(*h*) It does not alter the fact that the cream is usually well skimmed off before the public have a chance, and that only the skimmiest of skimmed milk is usually offered by the ordinary promoter. The result is the same—in one way or another hazardous and non-hazardous risks equally attract money according to their merits.



It may be some time before a limited supply with consequent high prices tempts more to embark in a trade, or an over-supply and low prices squeeze out the weaker firms; but none the less, these forces are always present to bring the average earnings of any industry to the same level as the average earnings throughout the country (*i*). Therefore, we may conclude that even in the most violently fluctuating industries when a sufficient time has elapsed an average wage will become a steady factor in maintaining an average price, and that employers in such trades will be neither more nor less injured than those in any other industries to which we have referred, by the average being a high one.

But if a correspondingly high average price cannot be maintained? If the buyer refuses to pay such a high price, if a maximum price is fixed by foreign competition? Surely in these cases it is to the interests of masters to keep the market by paying their men less? Probably. And not by reducing their own rate of profit? Certainly—if they can.

Let us consider a concrete case. Let us suppose there is an industry where the masters wish to meet the whole of a fall of prices by reducing the men's wages, and the men are willing that the fall shall

(*i*) "The profits of different trades have a constant tendency to become equalised."—*Fawcett*, p. 160.

"The items which go to make up profits are interest on capital, a constant, and payment for the risk run and for the labour of superintendence."—*Fawcett*, p. 159.

be so met. Would the masters benefit? Temporarily undoubtedly. Permanently? That is not so clear. It would seem otherwise. So far as the men thus met them, so far they would be putting their employers in a better position than the average of that enjoyed by other employers throughout the country, and so far the industry from a master's point of view would be better than the average industries of the country, and would attract more capital and more competitors, to once again reduce the masters' earning to the usual average of the country, and probably for a time to even less.

Then what is the most important factor, even if not the sole factor, in determining the remuneration of masters? The competition of masters amongst themselves. Test this for a moment by assuming wages to be a constant, and the truth is at once apparent. Which master shall do the business, other things being equal, will be decided by which of them will do it most cheaply. And this will not be affected by the wages constant being a low one or a high one, but by how much the masters, as masters, will be willing to work for, this again being governed by what ordinarily they could command in the country at large for similar services. And further, this will not be affected by the wages not being a constant, provided all masters are compelled to pay the same (*k*). That all should

(*k*) This is not to prevent labour in itself being graded. In the interests of the aged and otherwise second-rate workers, it is imperative they should be estimated at their real value. Otherwise they are not employed.

so pay the same is of the utmost importance to all, and any reduced payment by one would rapidly result in the necessity for a similar reduction by all. And in what respect can a master cut down his profits? We have seen that the elements which go to make up cost are: 1. The wages paid to employers for their personal services; 2. The wages paid to the employed for theirs; 3. The charges for the necessary capital—the invested capital, the floating capital and the sunk capital; and 4. The premiums for insurance. So far as all or any of these items are constants, it is not material to the masters, as between themselves, whether they are high or low. What is imperative is that they shall be the same for all. If a master is behind the times as to one of them, unless he can make up for it in the others he must speedily succumb and be driven out of the market. When we thus break up the elements of cost into their respective items, we again see in how very few particulars the interests of the masters and their men are necessarily diverse. On the other hand, we also see what a very cut-throat business it is between master and master. Between them it is war to the knife—the one largely thrives as the other fails, and none is so happy as when he triumphantly soars above all his rivals. The one ambition of a trader is to grow ever greater, and, like Aaron's rod, to swallow up all his unfortunate competitors. With continued growth is continued efficiency, continued superiority in economy of time and power, continued facilities in buying and financing, so that, without trespassing

on the men's domains, he can continually cut prices ever lower, until finally his unfortunate fellows are crushed out of existence.

Whether it is in the interest of the community that they should be crushed out is another matter. The community certainly benefits by increased efficiency in production and distribution, but whether this compensates for the smaller firms being extinguished is another matter. It is quite an arguable question whether it would not be better for the country to have a hundred families each earning £2,000 a year rather than one firm earning £200,000. The hundred families would provide the very best of the nation's workers; its best thinkers, scientists, engineers, soldiers and sailors—the very class invaluable to a race. To multiply such might be worth some sacrifice (*l*).

(*l*) A similar danger was dealt with by Henry VII., one of the "*tres magi*" of Bacon:—

"Another statute was made of singular policy for the population, apparently, and if it be thoroughly considered, for the soldiery and military forces of the realm.

"Enclosures at that time began to be more frequent, whereby arable land, which could not be manured without people and families, was turned into pasture which was easily rid by a few herdsmen; and tenancies for years, lives, and at will, whereupon much of the yeomanry lived, were turned into demesnes. This bred a decay of people, and by consequence, a decay of towns, churches, tithes and the like. The king likewise knew full well, and in no wise forgot, that there ensued withal upon this a decay and diminution of subsidies and taxes; for the more gentlemen ever the lower books of subsidies. In remedying of this inconvenience the king's wisdom was admirable, and the Parliament's at that time. Enclosures they would not forbid, for that had been to forbid the improvement of the patrimony of the kingdom;

But as regards the relations between masters and men, the fact remains unaltered: the enemy of the master is not his men, but the other masters that fight him for very existence. Thus more than ever is emphasised the fact that the remuneration of masters is practically settled by their competition amongst themselves. If this is so, the divergence of interest between masters and men approaches the vanishing point, and the only radical antagonism outstanding between them is the indirect one—how far wages can be used as a weapon by masters fighting one another. But as such weapon they ought never to be used. When, however, a large employer has once destroyed his smaller rivals, and is able to establish a monopoly, he then ceases to trade under

nor tillage they would not compel, for that was to strive with nature and utility, but they took a course to take away depopulating enclosures and depopulating pasturage, and yet not by that name, or by any imperious express prohibition, but by consequence. The ordinance was, ‘That all houses of husbandry, that were used with twenty acres of ground and upwards, should be maintained and kept up for ever; together with a competent proportion of land to be used and occupied with them;’ . . . By this means the houses being kept up did of necessity enforce a dweller, and the proportion of land for occupation being kept up did of necessity enforce that dweller not to be a beggar or cottager, but a man of some substance that might keep hinds and servants and set the plough going.”

By this means the yeomanry class was increased, the military power advanced, “for good infantry required men bred not in a servile or indigent fashion, but in some free and plentiful manner.” Countries which run to noblemen and gentlemen on the one hand and to labourers on the other “have much people and few soldiers.”—*Bacon’s Henry VII.* (Bohn’s Edit.), p. 359.

free conditions so as to make his interests run on lines independent of those employed as his servants. With prices under his control his interest is not only to exploit the public with inflated charges, but also to increase his profits by reducing cost. This he can most effectually do without fear of consequences by reducing his wage bill. This we will further consider a little later on.

But as between employers and employed, it may be urged that the foregoing reason may be sound so far as it refers to particular industries, and yet not be equally sound when applied to those of the country generally. In a particular industry it may be sound, because the moment you make an industry more favourable from a master's point of view than the average, you immediately attract so many more competitors that you reduce the earnings of such masters to their normal amount, and for a time to even less (*m*). But may not masters as a body be interested in establishing a high average remunera-

(*m*) "When the profits realized in any business are just sufficient to give an adequate compensation for interest on capital, for risk against loss, and for labour of superintendence, then it is said that the 'natural rate' of profit is obtained, and hence it would appear that each trade has a natural rate of profit peculiar to itself, because this rate of profit must give a proper remuneration for the three elements of which profits are composed; and two of these, namely, the insurance against risk and the wages of superintendence, vary in different industrial occupations. . . . If the definition which has been given of the term 'natural profits' is borne in mind, there will be no difficulty in explaining what is meant by the popular expression that the profits in different trades have a tendency to become equalised."—*Fawcett*, p. 161.

tion for themselves and a correspondingly low one for their servants? Possibly in theory this might be so, but in practice we see that whilst employers in the same industry may co-operate together, yet a general combination of all masters is a thing absolutely unheard of, and the question has but to be asked to be dismissed.

So other forces would tend to prevent any such division between masters and servants. Undoubtedly we speak of them as distinct, and whilst it is true there is a definite strong line of demarcation between masters as masters, and servants as servants, yet this does not prevent the two classes merging into each other, and an ever continuous flux or passing from one to the other taking place. The ambitious servant, the moment it promises to be more profitable for him to trade on his own account, becomes a master, whilst by stress of circumstances many a master becomes a servant. So the earnings of many a servant are princely compared with the earnings of many an employer. It is not the fact of being an employer that enables a man to command a higher rate for his services, but the being more favourably situated compared with others, either in efficiency or in capital, or both.

Remembering, then, that our conclusions are qualified by the assumption we are dealing with free conditions of trading only, we find no reason why the interests of masters should be antagonistic to the interests of those in their employ.

And this brings us to the converse proposition. If masters are not necessarily injured by a high

rate of wages, are men injured by a high rate of profit? Here again we are face to face with our old query. What if the buyer will only pay a fixed sum? The answer to this again, probably, is that the same conditions—namely, hard markets—which tend to give a master large profits, also tend to secure a high wage. But if a limited price only can be obtained, surely the men would like to secure more of it in high wages. But can they do it? If they starve the masters fewer will enter the industry, and fewer hands will be employed, until once again the limited supply hardens the market and makes it yield the average profit for masters as well as men.

And can the men wait for such limited supply to harden the market? If competition tends to regulate the profits of masters, still more will it tend to regulate the wages of men, dependent on their labour for their very living. Thus to insist on a high wage which means closing down works is hardly in their power (*n*).

(*n*) "Laws which attempt to regulate wages are always either futile or mischievous . . . suppose a general law that all wages should be raised 20 per cent. If employers were unable to repay themselves . . . by a rise in price this advance would simply represent so much taken away from profits. The immediate consequence of this would be a contraction of business. Capitalists would find it less profitable than heretofore to invest money in home industry, and a larger portion of the national capital would be exported. The result . . . would be mischievous to the whole nation, and especially disastrous to the labourers themselves. It is also to be borne in mind that if any temporary advantage which the labourers might gain by such enforced rise in



If the industry is a decaying one, and can pay no one the average return of the country as a whole, it may well be closed and the workers and capital absorbed into other industries which do yield an average return. But the process is a painful one to all concerned, and is usually completed only with the rise of a new generation, who avoid such ill-paying concerns.

But as with the masters, so with the men, it is equally certain that the main if not only factor in fixing their remuneration is their competition amongst themselves. With them, as with masters, it is war to the knife. With them their deadliest foes are those of their own household. What the masters receive as profit is not material to them; it is what their fellow workman will work for. Masters are helpless. The exigencies of competition are such that if one master reduces the current rate of wages all are compelled to do the same. A lessened volume of business causes the keenest competition for what is left amongst the masters, but nothing so keen as the intensified competition of the man whose very meal depends upon his securing a job. Low or high wages are weapons for masters with which to fight one another; equally low or high profits may affect the workman in a job fighting the man who is out. The man employed may

wages should stimulate an increase of population, there would after a few years be an additional number of labourers competing for employment, and thus the condition of the working classes might ultimately be made considerably worse than it was before."—*Fawcett*, p. 224.

be interested in high profits, restricted production, the exclusion of his fellows, and the driving them out of the trade, with the hoped-for high wages for himself in the end; and the man out of work may equally think to benefit by low prices and low profits if they result in larger production and the employment of more hands, even though accompanied by low wages. His enemy is not the employer, but his more fortunate fellow, who has the work which he wants, and for which he is anxious to fight him to the death. As between him and the master there is no real divergence of interest, and in many cases the master would be more than ready to employ him if the other workmen did not prevent his so doing. Exactly as with masters, it is his fellow who would crush him out of existence.

But surely it is to the workman's interest that a high average wage should be maintained throughout the country. Certainly. But that is not the question. The question is. Can it be maintained at the expense of the master? In free conditions of competition we have seen it cannot. But if the workman can establish an artificial price and can agree with his fellows not to fight amongst themselves, what then? Still, he cannot do it at the expense of his masters. They must have their average remuneration, or they will close down their works, lessen production, and lessen the demand for labour, when the workman's position will become more difficult than ever. But if the artificial price can be maintained against the buyer, then he may hope to profit.

But we have already seen that if wages be regarded as a constant and all masters have to pay the same, masters are not prejudicially affected if that constant be a high one. We have also seen that those conditions which enable workmen to secure a high rate of wage are usually synchronous with those which enable masters to secure a high rate of profit; that is, both are usually doing well together, and usually when markets are hardest. The limit is that the demand shall not be killed.

But yet a further inquiry—are not masters' interests and those of their men antagonistic as to the amount the masters charge for their premises, plant, and for interest on their capital and for the risk run?

On the contrary, the cost of these respective items is determined by their market value, and masters and men are equally interested in this cost being reduced to a minimum. Masters and men are equally interested in capital being abundant and cheap (*o*), and in premises, plant and insurance not costing overmuch. Where these are moderate it would seem that the balance of the price received which would go to pay for their joint labour would be the greater.

(*o*) "Interest on capital, insurance for risk, and remuneration for labour of superintendence are the three elements of which profits are composed. The first, interest on capital, is represented by the current rate of interest, and therefore may be regarded as a constant quantity for all occupations at the same time and in the same country. . . . Thus the current rate of interest in England is now about 3 per cent."—*Fawcett*, p. 159, also p. 450.

When an employer provides any of these items himself and desires a high return for them, it is not in his character of employer but in that of property owner and insurer. This is easily tested by the case of the employer who has to borrow his capital, hire his premises and plant, and pay others to insure his risk.

Thus, again, there is no divergence of interest between masters as masters and those they employ. Nor is it by any means clear that in the long run there is any great divergence between their interests and the interests of those who provide such other necessities of industry. Exactly as the main element, in free conditions, in fixing the profit of masters is their competition amongst themselves, and in fixing the men's wages is their competition amongst themselves, so it will be seen, when we come to discuss property and its incidents, that the main factor in determining what return it shall receive is equally the competition of its owners amongst themselves. Just as labour without capital yields the barest return, so wealth or capital unused is barren and unproductive. Labour for its efficiency is dependent on capital, but capital is mutually dependent on labour for its employment that it may be used to yield a return. Hence the competition amongst its owners to have it used.

In discussing the natural value of a commodity we have seen that it is ultimately governed by the average cost of its production. Such average cost is made up of payment to masters for their services, payment to servants for theirs, and payment to

capital for its services. The market price may, to some extent, be independent of all or any of these items, but in the long run each has its own effect in determining the average level. If wages are high they must be found, whether they are wages for the employer or employed. So capital must be paid for, and in its interest is usually included the cost of insurance against its loss. But apart from the risk, which is an entirely independent matter, the cost of capital is a fairly well defined amount. Nor does it rule high. With perfect security it can only command so little as three per cent., so enormous is the competition amongst its owners to have it occupied. But it must be so paid for, and it very definitely takes its part in the cost that goes to make up the price of any article.

In times of great commercial activity it may command more, but this higher rate must not be confounded with that demanded by way of insurance for extra risk. In fact, just as we have seen that employers and employed usually do well together, so also we find that capital acts very much in sympathy with them, and that the parallel seems to extend to some considerable extent further. If capital is abundant it fosters enterprise; enterprise finds employment; employment hardens wages; these again cause more demand for capital, and once more give it an increasing earning power. And it is when employment is brisk and trade good that those in want of capital can most easily afford to pay well for it. All are doing well, and all do well together. On the other hand, when the cost

of capital is unhealthily increased by making it insecure, it at once has to be paid an extra rate of interest to cover the additional risk, and this checks output until the demand is such as to cover the increased cost, unless in the meantime the workers, men and masters, prefer to work for less rather than reduce production. Made secure, nothing has a greater affection for its own home; but confidence destroyed, and it quickly makes to itself wings and flies to other climes. To-day the fabulous incomes made by some have led to much justifiable complaining, but also to an unwise because wrongly directed agitation. This agitation seems to be chiefly due to the fact that the twofold character of capital has not been fully appreciated. So far as the possession of capital puts its owner in a superior position for selling his services at an enhanced rate, so far other workers may reasonably demur and, so far as they are able, may try to seek compensation for advantages they do not possess. With the rarest exceptions, there is not a doubt that the difference in the intrinsic value of services is not nearly the difference that there is between some five or ten shillings a week and some five or fifty thousand pounds per year. To amend such conditions is, if possible, desirable. On the other hand, directly wealth ceases to be used by its owner for so increasing the value of his services, it simply becomes of the highest possible value to the worker generally. In this form it is the moisture that fertilises the desert; it is to be had for the smallest rate of interest, and it neutralises some of the effects it has in its other

form. If a young man is diligent and trustworthy he can obtain its use on loan, when the interest he has to pay is as nothing to the increased earning power it confers on him. In this form, where it is to be let out on hire, we see there is in it nothing antagonistic to the interests of either masters or men and that, like them, its earning power is governed by independent forces. Thus, our general conclusion is that we have three bodies—employers, employed and capital owners—who, though acting together in the same industry, yet find their respective earnings determined by a radically different set of forces. They work together for one another, and usually the same forces which contribute to the welfare of one contribute to the welfare of all. It would therefore seem that no good result is to be secured by fostering ill-will between all or any, and rather that the greatest good will be secured by having regard to the just rights of all.

## CHAPTER XII.

## RIGHTS OF JOINT PRODUCERS FURTHER CONSIDERED.

OUR preceding conclusions we may summarise in the somewhat technical language, that so far as the natural rate of profit and wages is concerned the interests of masters and men run on entirely independent lines. Thus, as regards the natural rate of profits, it is solely governed by the masters' competition amongst themselves, and as regards the natural rate of wages by the men's competition amongst themselves. Further, we have seen that as regards market fluctuations, though each naturally desires to do the best for himself, neither can hope to permanently benefit at the expense of the other, and neither by temporary poaching on the other's preserves can hope to raise the level of their natural rate of profits or wages so much as a penny.

But these conclusions were based on conditions of free competition. How far are they to be modified by artificial restrictions on the part of the masters, the men, or both?

We have seen that the result of restricting competition in any industry is the tendency to raise the average level of earnings of that industry. This restriction of competition may be due to the special training required or to the possession of capital. These, we have seen, afford a considerable



advantage to those who usually form the master class, by enabling them to command a higher rate for their services than others not as favoured. But when by artificial restrictions on trading they can establish an artificial price, they still further cease to be influenced by competition. We have seen that they probably court ultimate destruction by tempting some great genius to enter their charmed circle and drive them all out; but in the meantime they can make very large profits. Unless the public are protected by foreign markets, such extra profits may be largely at their expense, but such extra profits may also be made at the expense of their servants. Anything that reduces cost adds to profits, especially reduced wages. In such cases it is not enough that all masters should pay wages at the same rate, but the rate itself should be very effectually supervised.

And this is also the case in all those businesses where prices are fixed by an unalterable scale, and where it is felony without benefit of clergy for one firm to charge less than another. Here we may theoretically expect to find labour ill paid compared with the profits made. And we do. The amount paid in wages comes out of the profits earned, and therefore all in the ring are interested in as low a level of pay being maintained as possible. So the evil is aggravated when the moderating influence of servants passing into the master class is largely wanting because of the restrictions on entering.

Thus the cotton, corn, stocks and shares, produce and other markets are practically closed to all who

cannot afford to buy an expensive seat. So lawyers and doctors are privileged. Similarly engineers, accountants, architects, surveyors and others have their associations, all with the same end of establishing and maintaining artificial prices in which their staff have no share. Thus we see why the clerk class is so badly paid. They are hit fourfold. They are in employments in many of which it absolutely pays the masters to grind them; they are very little protected by anything but their own personal efficiency; their ranks are crowded by those excluded from the favoured industries; and lastly, a class which above all needs a union, they are too superior to have one. So far as this is due to their own folly, so far they deserve to suffer; but as long as they have to serve privileged bodies they will never do so satisfactorily until they meet them on some terms of equality. And in the majority of cases they hold the citadel in their own hands. What great merchant could stand a strike of his clerical staff for even a week? Many a clerk is engaged on the terms of a day's notice. A little engineering would bring the proudest and most autocratic employer to his knees in an hour(a).

So, probably, the large profits commanded by the possession of large capital, which we have seen puts its possessors into a different class of competitors, is

(a) The writer many years ago saw a poor lad in the dock for misappropriating money. He had the handling of thousands of pounds a week, and was paid the princely salary of £40 a year. Either he was worth far more, or his place should have been taken by a superior clerk.

largely due to the cheap rate at which they can buy the work of most efficient clerks. Were this rate to rule higher, there is no doubt the smaller merchant would largely benefit, as it would make his own individual work of so much greater relative value.

How far, in the long run, it might be possible to raise the wages of clerks generally is a matter of some difficulty. Their wages are determined by competition amongst themselves, and this competition is particularly fierce by reason of there being no restriction whatever on becoming a clerk. But on the other hand, the artificial conditions to which we have referred aggravate their position by making it to their employer's interest to actually reduce their wages as much as possible. And this has an intensive operation. Artificial conditions have a tendency to attract more employers than otherwise would seek such industry, and they meet such aggravated competition by trying to pay still less in wages. On the other hand, if no artificial prices were in existence wages would become a constant of cost, the prices would be fixed accordingly, and masters would soon cease to be affected by such wage being a high or low one, provided it was general. Clerks would then fall into the same position as that of others having their labour to sell, and the price they would command would be solely governed by their own competition.

So every servant excluded from the master class lessens the competition of the class from which he is excluded to increase that of the class into which he is driven. And equally every master qualified

for one trade, but driven by restrictions to engage in another, equally lessens the competition of the trade from which he is excluded to increase that of the one he has to resort to. No doubt many arbitrary restrictions have very little further practical effect than the same exclusion brought about by the long and arduous education necessary to carry on such trade or profession satisfactorily. Thus by law none but qualified medical men are allowed to act as doctors. This at first sight seems to give them all the privileges of a strong trade union. But the advantage is more apparent than real. To be a sound doctor requires years of study and hard work, and the expenditure of no little money upon teaching. Without this a man is not in a position to act as a doctor, and without this, with the best intentions in the world, he may do serious harm to his neighbours if he so acts. Before a man tries to cure others he needs a very considerable amount of training. Without this training he is not qualified to act, nor ought he to act. He can only so act by trading on the ignorance of the public. Hence, what eliminates others from competing as doctors is not the enactment of the law, but the long and special training required to practise adequately. If the legislature interferes to prevent unqualified people practising, it is not as a measure of protecting the doctors, as a measure to enable them to get the reward of their long training—they already get that by their numbers being limited—but simply to protect the public, who otherwise would be the victims of those who pretend to a

knowledge they have not got. Similarly there is no more absolutely exclusive trade union than that of the Bar. But it is doubtful if such union in any way confers any valuable privilege. The training is so lengthy, the period of earning so deferred, and the general risk so great, that anyone anxious to practise, and in a position to practise, will not be kept out by mere arbitrary enactments. If the abolition of all restriction on trading and professions, save that of doctors, were held desirable, the Bar might cheerfully be the first to advocate and put in force such self-denying ordinance. Probably many other trade associations and unions would equally say that they asked no more than that those who belonged to their numbers should know their business. Thus a Stock Exchange member would tell you it would be impossible to get through the business they do and serve the public at the present cheap rate unless all their members were experts and of a given standing and credit. So much is this the case that in many exchanges where they require a certain deposit from outsiders before admitting them as members, they are willing to accept clerks trained on the market, and who thoroughly know its routine, at half the amount. A novice is a terror to them. They may run him and pluck him, but they would sooner be without him, as he disorganises business. But, of course, the answer to the argument that the restrictions of such unions are only co-extensive with the training necessary to qualify for doing the business efficiently is obvious. Why, then, have unnecessary restrictions? On the other hand, if they

do exclude qualified people from trading in any way they please, it is a serious invasion of personal liberty. It is said such unions are, like those of doctors, necessary to protect the public. But the public needs no such protection; any man who holds himself out as practising any trade or profession is bound to do so proficiently, or otherwise he is liable to an action for damages for negligence. But however justified, and by whatever plausible reasons, the fact remains that all artificial restrictions on trading cause a twofold injustice. They are unjust to the individual who would so trade, and who is entitled to judge for himself whether he is able to do so or not, and they are unjust to those unrestricted employments into which they drive him, thereby subjecting them to more than their due proportion of competition. Further, they are undesirable, as they at once furnish occasion for direct antagonism between employers and employed; and lastly, they are unfair, inasmuch as all those benefiting by such restrictions have already secured the superior advantage in selling their labour which is conferred by the possession of capital, and are entitled to no further privilege.

But how about those, usually the employed, who have not the adventitious aid of capital to assist them in selling their labour at a good price? May not they try to equalise matters a little by arbitrary restrictions on competition?

And first, to what extent can they do so at the expense of their masters?

Under conditions of free competition we have

seen that practically they cannot do so at all. Different forces determine their respective earnings governed by the competition of their respective classes. But when free conditions are not present, when arbitrary prices are fixed and a monopoly is established, there is no reason why the men should not try to secure their share of such inflated profit instead of leaving their employers to take the whole. If the public are to be fleeced, why should not the employed share in the spoil? Here effective combination on the part of the men should be beneficial, and the universal rule would be well established, that in every such industry no man should be allowed to work for less than a specified minimum wage. Further, the higher wages paid by such monopolies would give other employers a chance of competing, and their immediate tendency would be to once again establish free conditions of trading so desirable to the community as a whole.

And how far can men benefit at the expense of their masters where such free conditions exist? We have seen not at all, the earnings of each class being determined by their respective competition amongst themselves.

Then, in their general relations with one another, how far can they improve their position by artificial restrictions? Very little, if at all. What is gained by one set of workers is lost by another. We have seen the average level of remuneration is determined by competition, and that the more the numbers of those who compete are restricted, the less will be such competition and the higher the level of the

earnings made. No doubt the most effectual and commendable restriction is personal efficiency. To this is due the high wages commanded by our fine mechanics and trained operatives. But as regards artificial methods, exactly to the extent that they relieve one class or trade, exactly to the same extent they put further pressure on others not similarly protected. Thus, exactly as masters acting similarly, they do a double injustice—they wrong the man they exclude, and who has a right to sell his labour to the best advantage, and they wrong the class or trade they relegate him to by unjustly aggravating the competition it is subjected to. Hence the poor pay of the clerk, the unskilled and the casual labourer; hence the residuum of society—the sweated generally. These, the victims of want of organisation, are paid less that other workers may be paid more. Hence it is that whilst those earning £3 a week and under receive the fabulous amount of £880,000,000 a year—more by £80,000,000 than the whole nation received less than fifty years ago—yet at the same time the problem of poverty is as insoluble as ever. The reason given for the existence of trade unions is that they may fight their masters. In practice they are terrific engines of oppression employed by one class of workman against another. So much so is this that one class cannot remain unprotected whilst others are privileged without suffering from the extremity of competition. Fair play demands that all labour should be similarly organised, and, unless so organised, it is hopeless for us to try and deal



effectively with our ill-paid. But if unions are to become general, it can only be on the fundamental condition of no man being unreasonably excluded from any union to which he would belong. Probably the only condition of membership should be his undertaking to neither directly nor indirectly take less than the agreed scale of wages established for the union. But further, if he wished to work for less—wished to remain unattached—then he should be protected in his absolute right to do so, though, of course, those injured by his competition would have an equal right to refuse to work with him or for any master who gave him employment (*b*).

We have thus inquired into the artificial restrictions attempted by masters and men, independently and perhaps adversely to each other. But how far can they hope to benefit by acting together? What are the limits of what they can mutually accomplish by organisation?

They obviously cannot increase employment. So far as they would restrict competition, they would restrict working and restrict employment. But we have seen that production is one thing and the price paid for it another. How far could they lessen production and at the same time increase their profits? We have seen that whilst 10,000,000

(*b*) "The patrimony of a poor man lies in the strength and dexterity of his hands, and to hinder him from employing their strength and dexterity in what manner he thinks proper without injury to his neighbour is a plain violation of this most sacred property."—*Wealth of Nations*, Book I., Chap. X.

bales of cotton might sell for sixty units of price, 12,000,000 bales might only command forty-eight units of price. Then why might they not jointly attempt a manipulation of production to bring about a similar result?

We have already discussed such problem generally, but let us consider again the possibilities of an actual case. As regards most industries, we can at once realise that there are numerous forces all tending to a general equilibrium of prices and profits; but here let us inquire how such an attempt would operate, say, by the colliery industry. It is here such experiment should succeed if anywhere, as foreign competition would cause no complications. And what would be the result as regards the masters? In the first place, every man owning a coal mine would want to share in the artificial prosperity. Collieries that had been shut up because they would not pay would then show a margin of profit, and would at once come into the market (*c*). If their owners were settled with, fresh mines would be opened with owners equally insistent. Thus, ordinary conditions of competition would soon end any special benefit the owners might hope for.

(*c*) A similar law to that of the margin of cultivation in agriculture governs mining industries. Only those mines are worked which yield a living, and the market price is fixed by those which just pay. Those with superior advantages get the same price but at less cost. The difference goes in rent or royalty (theoretically, of course). When demand increases prices rise enough to make it pay to work inferior seams. From this lower level royalties are once again calculable (in theory).

And how about the men? Apart from the monopoly of market which all trades enjoy for a short time, owing to the inertness of labour to move from one occupation to another (*d*), the men could not long enjoy such privilege without attracting so many others to become miners that in the end the addition to their numbers would so increase their competition that their wages would speedily sink to the normal rate, and possibly for a time to even less (*e*). But suppose that by law or other favourable conditions they could ruthlessly exclude outsiders, could they then hope to permanently maintain such high wages by so limiting the output? It would seem they could. If they became so exceptionally privileged, especially if such privilege were secured to them by the rest of the community, there seems no

(*d*) "The labourers of each separate trade possess, so far as the supply of labour is concerned, a monopoly for a limited period. This will explain the benefit which is observed to result to any class of labourers when their special trade happens to be prosperous. Every manufacturer during such times does as much trade as possible. He therefore competes for labour. Every operative is thus certain to be fully employed at very high wages, and consequently the prosperity of any particular branch of trade confers a great temporary benefit upon the labourers engaged in it. We say temporary benefit, because, if the good trade continued and wages remained exceptionally high, an additional supply of labour would at length be forthcoming."—*Fawcett*, p. 155.

(*e*) "In all those branches of industry in which the competition of labour and capital freely acts, there cannot be secured any permanent increase in profits or wages by a combination of either employers or employed. It has, however, been previously remarked that in some cases the equalising effect of competition is neutralised through an indefinite long period."—*Fawcett*, p. 245.

reason why they should not make the rest of the community pay accordingly. That they might benefit, all would suffer. The general consumer would suffer, and the manufacturer would suffer, and the shipowner. Those doing business in competition with the rest of the world would either have to pass orders and cargoes, or have to be content with less earnings. That is, in order that the miners might enjoy a special privilege, other workmen would either have to take less wages, or suffer from slack trade.

But, of course, special privileges of any sort are contrary to the spirit of individualism, and there is no reason why one body of men should be favoured at the expense of another more than that one class should be so benefited at the expense of the rest of the nation. Our first duty is to hold an even hand between all workers and all classes fairly and impartially. Of course other forces would tend to prevent such evil in its acutest form, as our collieries do a large foreign business, of which the first essential is that at least they should do it as well as their neighbours (*f*).

Apart from such special privileges secured them by the voluntary action of the rest of the community, their position would be untenable; and, as regards other trades, the men would find it still

(*f*) If our prices were solely governed by our own competition, it would be wise to put an export duty on coal which, whilst adding to our national revenue, would not injure individual profits. In this case the consumer would bear the tax.

more hopeless to try and improve their position by arbitrary restrictions. Of course such proceedings would be obviously out of the question with our cotton, shipping or engineering trades, which are in direct competition with the rest of the world. So these are the trades which will suffer from any special privileges which other trades may secure. But, eliminating these, other home trades can only artificially raise prices for a time at the cost of attracting more labour or more capital to compete with them, with the ultimate certainty of reduced earnings in the future. For a time there is, as we have observed, a certain immobility of capital and labour, more so of labour even than capital, which gives great chances to combines for a time, but it is in such cases that direct legislative interference should be resorted to. Why should the shipping trade be penalised by a heavy artificial increase in the price of steel plates, or the price of coal, or the price of stores?

But cannot masters and men generally unite to raise prices for the benefit of all labour? One large section of traders we see cannot possibly do so, as they have to compete with the rest of the world. Thus, either any additional cost they incurred would have to come out of their earnings or they would have to lessen their business. In the United Kingdom our foreign trade is such an important item and its bulk so great that it would make it nearly impossible for such arbitrary rise to take place. If it did, the result would be to so lessen our export trade that those thus losing their employ-

ment would at once swell the numbers of those competing in the favoured trade, and the result of such extra competition would be to practically neutralise the rise caused by artificial means. Thus, the result of any such general attempt to raise prices would be a general disorganisation of trade for a time, which would have a strong tendency to reduce employment and business generally.

But, assuming as a matter of theory that a country is indifferent to its foreign trade and thinks it better to raise, if possible, the general level of all earnings, how would it affect society generally?

If it raised prices universally, we have seen it would have no effect on the earnings of labour at all. It would not alter the relative value of services, and would only result in a change of the standard of reference. No doubt, in the meantime, as between existing debtors and creditors, it would, like a change in currency (*g*), create much injustice by causing a virtual re-making of contracts; every

(*g*) "A reduction in the burden of obligations, accomplished by the act of a legislature in the issue of paper for the purpose of enabling the debtor to pay in depreciated money, has no virtue in it to promote industry or encourage enterprise. It carries with it the sting of injustice and fraud. It draws after it retributive agencies which curse the people and the age. Having reference exclusively to economic interests, we may confidently say that the man who advocates the scaling down of debts for the sake of encouraging trade and production shows himself so ignorant of history as to be a wholly unfit adviser as to the present and the future."—*Political Economy, Walker*, p. 357.

"The intrusion of the debtor class into the legislature with their impudent demands for issues to scale down debts, is a familiar spectacle. . . . Parties were no longer Whigs and

alteration in legal relations does this and is a serious evil. A bad commercial law is infinitely better than a law that is for ever changing. By every such change the inexperienced always suffer, and by it some innocent is always robbed.

But assuming this general raising of prices were possible, how should we find it work? All commodities would cost more; how would the burden be borne? In the first place the worker himself would have to pay more. This result he could face philosophically, knowing his increase in earnings would at least balance that account. Then employers would, as consumers, have to pay more. They also would find more than a corresponding advantage in the higher price commanded by all labour. The owner of property would have to pay more, but he also would have some compensating factors. All such property as was manufactured by work would rise to a higher price. If an old building cost £10,000, but could not, owing to the increased cost of labour, be replaced by another at less than £11,000, there would be a tendency for the old building to approximate in value to what the new would cost. On the other hand, property the value of which is not dependent on the labour expended on it would not necessarily receive more for its use, and its

Tories, but creditors and debtors. . . . The same feature appeared early in the history of the French Revolutionary paper money. We have seen it in our own country (the United States) during the present generation, an active, aggressive, vehement, virulent force, engendered by the desire of paying debts, wiping off scores, raising mortgages in depreciated money."—*Ibid.* p. 356.

owner to that extent would suffer. This would probably be the case with the ownership of unimproved land. A rise in wages would not directly lead to a rise in rental value, so that whilst its owner would only receive the same income from it, he would buy less with that income. Then there are two classes of people interested in property—those who own it and have obtained mortgages or advances upon it, and those who have found the money. Some such loans may be repayable, like ordinary mortgages or advances by banks on produce, etc.; and others may be permanent charges, such as annuities, ground rents, debentures, and even preference shares, if at defined and unchangeable rates of interest. In all these latter cases, where the income is fixed, the owners would suffer by the rise in wages, as they would buy less with their money without any compensating factor whatever. So there is no reason to suppose that mortgagees, or bankers, or other lenders of repayable loans, could command a higher interest because they would buy less with what they receive. Such interest is governed by the capital available for loans, and not by the price of commodities in the market. Then as regards the owner of the margins or equities in the property. He would no doubt buy less with the interest he received from such margin, but so far as his property could not be replaced, except at increased cost, his income would probably be greater, and independently, as such owner is usually the business man, as a worker he would find a compensation in the higher value of his labour. Thus,



broadly speaking, we should find those who would suffer by being unable to buy as much for their money would be the lender, whether annuitant, mortgagee, or other owner of fixed income, and generally that class of the nation who do not use their capital to increase the value of their labour, but let it out on hire, at what we have seen is anything but an excessive rate, to the great and lasting benefit of the worker and the nation as a whole. How far this would be desirable we shall be able to decide better when we have more closely inquired into property generally. Here we are more concerned with how far labour can improve its position by artificial restrictions. Our general conclusion seems to be that it can do very little for one class of labour except at the expense of another. Thus, while raising the level of all earnings might, if more than a mere theoretical possibility, do something for the worker at the expense of the lending class we have referred to, yet it would hardly accomplish the result we exactly desire. It would not benefit the lowest class of worker, as their wage sinks to the invariable minimum of a subsistence wage only. But these are exactly the one class we are most concerned about. We do not want to raise the average level of the value of services—especially for that higher average to be made up by increasing the earnings of the well-paid—and leave the relative values untouched, but to do exactly the opposite, viz., leave the level as it is, and effect a change in the relative value of services. We have sweated industries and underpaid workers, the value

of whose services we would see much increased. and overpaid services which we should as gladly see reduced. As regards the very poor their lot is terrible, but as regards the very rich the majority of us are no worse because they are very rich. One hundred, two hundred, three, four or five hundred pounds a year will still buy as much substantial comfort as in any period of the world's history. We feel poor with sums we should have felt rich with a century ago, but our feelings are not justified. Am I any the worse because I have to walk and my neighbour has his motor car? No doubt I am envious, and thereby my happiness is lessened, but actually I am none the worse for his better fortune. If he condescends to give me a ride I am so much the better. His wealth so much in evidence may lessen my self-importance, feed my discontent. but otherwise does me no practical harm. No doubt my natural sentiment would be to have none richer than myself, but natural sentiment is by no means always the wisest. No doubt it is a matter of regret that there should be such a wide divergence in the amount paid for services rendered. At the same time, with the few exceptions at the two ends of the scale, the vast proportion are fairly paid according to their energy and industry, and above all according to their self-denial. Where men are improvident, and have had the misfortune to be born of improvident parents, 'tis true they find life very hard. But it is not the least merit of our present system of individualism that the reward for thrift, industry, foresight and self-restraint is so

universal, and it might almost be added, so certain. There is not a boy who has once started earning apprentice wages but has his chance if he will take it. It may mean hard work, it may mean self-sacrifice, it may mean unflagging zeal and watchfulness, but it means no more than is within his powers; and it does mean the development of a fine character, the certainty of a moderate sufficiency, and, as far as this world can give, reasonable happiness.

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#### **Note.—Bimetallism.**

Owing to the scarcity of gold and its consequent appreciation, owners of fixed incomes and the non-working class with incomes generally were able to get more for their money than the original contract of loan warranted. If by the adoption of silver also as a standard of value more bullion could be secured, there would be a corresponding depreciation in its value, and its purchasing power would be less. This would be to the advantage of the worker, and the corresponding loss of the income owner. That many crises in trade are caused by the variation in gold is probably true, and the argument that the variation of the average of a number of variants is nearly always less than that of any particular variant is no doubt sound in theory, and as an ordinary mathematical proposition it might be presumed that the average variation of gold and silver would be less than that of either of them taken separately, and to this extent would benefit trade, of which the greatest desideratum is a constant medium for exchange. But in this instance the theoretical presumption is discounted by the fact that silver

has in the last few years varied so enormously that although the average variation would be considerably less than that of silver itself, yet it would be considerably greater than that of gold. Hence, this theoretical advantage is wanting under present conditions of the bullion market. So, granting such theoretical advantages were existent, still it is doubtful if they would not be more than counterbalanced by the disturbance of existing rights, the variation of contracts, and the general economic upheaval that would result.

## CHAPTER XIII.

### THE TRUE FUNCTIONS OF TRADE UNIONS.

IF, as we have concluded, when free conditions of trading exist the main factor in determining the masters' profits is their competition amongst themselves, as likewise the main factor in determining the men's wage is their competition amongst themselves, we see at once of what inestimable advantage trade unions should be to masters and men alike. First and foremost, such unions will do their utmost to preserve such free conditions of trading, knowing that otherwise in the end the workmen they represent must infallibly suffer. Combinations of masters may pay the same wages as other industries to escape notice, but in every case their tendency is to depress the rate of wages. Wherever anything in the nature of a monopoly exists, trade unions ought to be very insistent on their members getting their fair share of the extra profit. But when conditions of trading are the same for all we have observed that, as regards the masters' competition amongst themselves, the one all-essential to them as a body is that all should pay the same rate of wages. This it will be the first duty of a trade union to see done. So it is equally to the interest of the masters that all should be compelled to treat their hands with the same degree of consideration. Then what better

watch-dog could a just and considerate master desire than a trade union in the heart of every rival's camp? It will do for him surely what an army of detectives would fail to accomplish. It will see that rules are not evaded by sham apprenticing, unfair hours, or other mischievous device, and in every way will protect his interest as he could never do himself.

Above all, it will ensure that the wages paid to the men shall never be used as a counter in the masters' game of fighting one another. Whatever the rate, it will at least make certain that it shall be uniform and generally the same. Next, the great value of a trade union would be that of a consultative body. In times of difficulty they would be the first friends for masters to resort to. With complete confidence between them, as with both understanding their true interests there would be, they would meet and discuss in a friendly way their mutual concerns, and then the general good would be promoted and many a disaster averted. Let us take one important example—over-production with its consequent falling markets. In such a case the evil is always aggravated by disputes, but by joint action the loss might be reduced to a minimum. Instead of strikes settling the matter by stopping production until the over-plus was got rid of, short time or even holidays might be arranged to effect the same end with advantage to both. But no doubt strikes to-day are far more frequent than they otherwise would be because they are far from disadvantageous to both parties. They lessen production, harden markets,

get rid of old stocks, frighten away fresh capital, and enable masters and men to obtain higher prices very much to their mutual satisfaction (*a*).

So completely identified would masters and men find their interests that the danger might even be that local branches would be more loyal to the respective masters than to the industry as a whole. When slack times have to be faced there would be the very natural desire of each locality that what work was done should be done by themselves and not by rival firms, and we well might find that instead of master and delegate meeting and looking askance at each other, the question would be how could they best forward their mutual interests, possibly to the disadvantage of other firms. This might be the natural and probable result, but it would be the very result which every other master and local union would see was not brought about.

Equality of pay and conditions is the one paramount necessity for masters and men alike.

Again, in carrying on our foreign trade this mutual confidence between masters and the unions would be found to be of the greatest advantage. What above all a worker does not want to do is to kill demand, or refuse an order that it would pay him to take. To-day he has to do so for fear that

(*a*) "Workmen are generally such unskilled tacticians that they usually strike, not to secure an advance in wages when trade is prosperous, but to prevent a reduction when trade is depressed. In times of depression a temporary suspension of business may very possibly be rather an advantage than a loss to employers."—*Fawcett*, p. 248.

it might establish a precedent for a lower average wage throughout the country. And yet it might well pay to take an order that would not permit of the usual prices being given.

In isolated cases it might far better pay a master to keep his works going, even if he secured only a fraction of his profits, rather than to close them for a time; and the men, to get only a portion of their wages rather than be out of work.

Thus, in the case of a foreign order being offered, it might well be worth the while of both to abate some portion of their respective profit or wages rather than pass the order. We can easily imagine such a case. A glass bottle manufacturer gets the offer of a large order from abroad, but at a very low price. He and the men's union confer together. The price will not stand their usual wages, but trade is slack. The trade union leaders ascertain that if they lose the order no other firm in the country will get it. Accordingly they agree to a reduction in wages, and the master takes half his usual profits. By so doing, they secure the order, are employed instead of idle, and above all retain the market.

A further condition of our preserving our foreign trade is that we should maintain our efficiency at the highest possible level. It is essential all should do their utmost, masters and men alike. Whilst masters are driven by the whip of necessity, the unions acting for the men collectively will ensure that individuals do not shirk their work. In this most difficult of subjects it is hard to put one's



finger on anything and say it is a positive good. But one thing is certainly a positive evil, and that is slackness and inefficiency when at work, or for that matter when at play. "Whatsoever thy hand findeth to do, do it with thy might," is as grand a command for communities as individuals. If work at less pressure is sometimes desirable, let it take the form of alternative occupations and shorter hours, but above all let us not ruin the individual by teaching him habits of laziness and inattention. Hard at it at work and hard at it at play, hard at it at whatever we do, should be the watchword of the nation. Let us maintain our efficiency as a race, and we shall establish its permanence and prosperity on a foundation never to be shaken. Individual decadence has invariably preceded national catastrophe. If, then, unions contribute their part to maintaining this efficiency they will do not a little to ensure the permanence and glory of the race. Fortunately to-day we have some of the most magnificent tradesmen the world has ever known. Their value to the nation is incalculable.

But the necessity is not limited to the workman. Even more essential to successful foreign trade are energetic and able masters. It is difficult to say what is the real value of a thoroughly capable master. It must be very high, as is proved by what some companies will pay their managers. They do not pay them thousands and thousands a year out of benevolence, but because in their opinion—and their opinion is often that of the shrewdest directors, and of those who have to pay

—their services are worth the money. So where one partner takes in another partner, he gives that other as little as he can, but that little may often run into four figures.

Their gifts may be varied, but in the long run all are reduced to the stern reality of market value. One may be able to influence capital or customers, another may be able to make business, and have the rare faculty of bringing men together, of instinctively realising what is feasible and what is not. So there may be the plain, simple, honourable man whom everyone trusts, and who proves what a valuable asset is reputation and honesty. Then, above all, there is the good organiser. He is invaluable, and to none more than to the men themselves. Again and again we see businesses apparently the same, yet where one master makes his fortune and the other gravitates to the Bankruptcy Court. And as probably the one, being prosperous, will treat his men well and pay them liberally, so the other will be continuously trying to reduce expenses, and usually by cutting down wages. And, apart from foreign trade, nothing is really more to the interest of a man than to work under a smart and clever master. Everything goes smoothly; there is no hurry. All is thought out; things do not need to be undone, or done twice. The utmost result is got with the minimum of exertion; and to see the ease and order with which the work is done, none would realise that perhaps a record output was being accomplished. There is no driving and no disturbance over things gone wrong,

for with him things do not go wrong. So, in ordinary times, all is pleasantness, and each is happy to meet the other, and each works his best for the good work done by all. But it is in times of stress and storm that the workman has most reason to rejoice that he has a good helmsman at the wheel. It is when times are bad and demand slack, or when a crisis comes, that he can congratulate himself that it is not his works that are closed, but another's, and that whilst he retains his job it is his fellow-workman who is relegated to the ranks of the unemployed. In good times he may quarrel with what his master makes ; but when difficulties abound, when trade is changing its channels, when danger threatens, he will be glad that after all he has got such a first-rate administrator at the head of affairs (*b*).

At present it might seem, though not so extensively as is imagined, that trade unions exist for the very purpose of promoting ends diametrically opposed to those we have just discussed. But we must not condemn them too sweepingly. To-day there is the prevailing view that labour is a commodity to be bought and sold in the market like any other commodity, and that the master does best who buys the cheapest. If this is the true view of

(*b*) "There is many a thriving town in New England whose only reason for growth, through fifty years, from small beginnings has been found in the accident of the birth there, and the long life of a single energetic, able, careful man of business. There is many a 'deserted village' whose decay dates from the sickness or death of one man out of many hundreds who thronged its streets."—*Pol. Ec.* (*Walker*), p. 74.

the relations between employers and employed the unions logically say, "If labour is a commodity of which the value is the market value, then we must harden that market in the way every other market is hardened, that is by limiting the supply." And this they do by short hours, inefficient work, and curtailed energy, all in their way very effective for the purpose to be attained, but disastrous in the end to their masters, the nation, and themselves. But let it be understood that masters do not profit by cheapening labour, but are only concerned in all paying the same, and the cause for much of this apparent hostility would disappear, and with every confidence we might look forward to the time when trade unions would take the position of advisers and friends instead of that of hard bargainers, only concerned to get the utmost for themselves and those they represent. And it is on such lines we might hope to see every trade and industry organised. Then with uniform pay and conditions inflexibly established we might hope to find in the consequent goodwill between employers and employed a first but very practical step towards ameliorating the conditions of some of our underpaid. Whether legislature should not establish unions on these lines where the individuals are too helpless to do anything for themselves is a matter we must discuss later on. At present we only repeat that for some trades to be organised and others not is simply courting disaster itself by those so unfortunately situated.

So much for the true functions of trade unions

as regards their relations between employers and employed. But equally important and as wide in range are their functions as regards the relations between the employed themselves. Every trade has to face the same ever present difficulty, the pressure of numbers. In every dispute with their masters the great force against them has been the availability of other labour. Their hostility to such labour has usually been most in evidence in such disputes, but in times of peace or times of stress it has never been relaxed one instant. As we have more than once observed, we cannot for one instant admit the right of any man or any body of men to prevent another man from selling his labour in any market he can. Therefore we think the law is right which regards as illegal combinations those that unjustly prevent a man from working exactly as he pleases. We have already stated how far we think trade unions may go in this matter. We think that anyone should be entitled to enter them who will subscribe their conditions, and we think those conditions governing their relations with the masters should be much as on the lines indicated in our last section. But with harmonious relations established between them and the masters, the necessity for stringent provisions would be much lessened. First, the old hands who had lost their job through diminished trade could rely on the first refusal of work when times became brisker. So by such friendly relations being established the great cause for the importation of foreign hands would be ended, as there should be no occasion for

masters wanting to fight the men. Then every calling demands more or less proficiency, and this to a large extent would prevent outsiders being readily taken on in preference to those brought up in the trade (*c*). Then, further, trade unions could strengthen their position by encouraging the organisation of other trades, so that those in want of work might naturally gravitate to their own callings. But, finally, the greatest good trade unions could do would be to enforce the absolute necessity of providence and self-control. The strength of the middle class to-day is that they do not marry until they are in a position to keep their family respectably. If a man will marry when a boy, and have children before he has really finished his own mental and bodily development, then he will and always must be in a state of dependence more or less abject for the rest of his life, all doctrinaire teaching to the contrary notwithstanding. So also he will be a menace to his more prudent fellows, by always being compelled to seek and take a job at the lowest possible figure. His power to do harm in this direction may be lessened if a uniform rate of wage is made general in a trade, but if his fault is that of his class, the competition will be such that the average wage will sink to the lowest possible level. No doubt some trade unions are terribly cruel in the ruthless way they exclude outsiders from their preserves. But, on the other hand, there

(*c*) How many a master will pay overtime rather than take on strangers!

is quite the other side of the question. Why should the provident suffer for the improvident? And no doubt in many of our better trades we find the individual men are becoming every whit as prudent and self-denying as the other classes in the country who owe so much to their similar thought for the future. The man who only thinks for the day must not be surprised if he can earn nothing more than the food for the day, and if that food is not of the worst description, it is because he has to thank his fellows for their greater prudence and self-denial. Apart from individual effort the most perfect organisations are helpless, with it they may prove an unbounded success.

## CHAPTER XIV.

## PROPERTY : ITS NATURE AND INCIDENTS.

OUR foregoing conclusions to some extent foreshadowed that there was little real antagonism of interest between masters and men, but that there might be more between those who lived on the proceeds of their current labour and those who took toll of their increase without giving any current labour of their own in return. In other words, lived, as it is popularly expressed, on their income, such income being independent of anything they might do for it.

Their right to such income we will now inquire into. Here we may premise that, so far as the worker is concerned, the source of such income is immaterial. What alone is material to him is that, without giving any products of their own current labour, they are in a position to call for those of other people. Whether they do so by virtue of custom, contract or *vis major*, makes little difference to him. The convict working in the mines, the farmer compelled by custom to keep a highway in order, or the neighbour bound by contract to keep another's fishpond clean, may all with equal reason ask: "Why must I give something for nothing?" Each, no doubt, can and does receive a satisfactory reply, but none the less their query is a justifiable



one. And so with property. Through the medium of property, without so much as stirring a finger themselves, its owners are enabled to claim from the actual worker a more or less considerable portion of the proceeds of his toil, and with reason once again the worker is entitled to ask: "Why? What is the justification for their being so entitled?" We are agreed that individualism is based on the principle of services rendered, not on services not rendered. That is so; but assuming a man is no more than justly paid for services rendered, we are agreed that what he receives is his own to do what he pleases with. In his turn he may have to pay the community rates and taxes for services rendered him in the way of security and conveniences, but this does not affect his right to receive the equivalent of what he gives and to dispose of it as he thinks desirable. If he chooses to save it, who shall say him nay? Who will wish to? The man who is prudent and saves is one of the most precious assets a country can possess (*a*). He produces more than he consumes, and not only adds to the wealth of the country, but increases its potentialities for producing more. Instead of his savings being at once expended on his own wants, they are put into a form which will assist in creating still more wealth (*b*).

(*a*) "As civilisation advances the desire to accumulate wealth increases and foresight for the future becomes more general. The more men's intellectual and moral faculties are developed, the more careful will they be to make a reasonable provision for the future."—*Fawcett*, p. 82.

(*b*) "Capital is the result of saving."—*Fawcett*, p. 11.

"There is no law against my flying to the moon. Yet I

Some such savings, especially in years gone by, have been extensively invested in improving the land, in changing it from an unproductive into a highly cultivated condition. Land, once of little or no value, is now, thanks to the savings of our forefathers, a source of considerable wealth. But to-day there is wider scope for the investment of savings. Much is put into machinery to make labour ten-fold more productive; much into shipping to facilitate the exchange of products, to again largely increase the return for labour. So a large part of the savings of one portion of the nation has been invested in adding largely to the convenience of the whole, whilst an equally great amount has been used in rebuilding our cities and improving the condition of our people.

In fact, on every hand we see the evidence of the savings of the past used for the advancement of the present. For in what does the wealth of the country really consist? Of course, its greatest wealth is its army of strong, virile, well-educated workers and thinkers, with next in importance the country itself, with its favoured position, its excellent soil, its splendid harbours and its other natural advantages. But apart from these, in what is it to be found? On every hand we see evidences of our wealth. Our roads, our railways, our waterways and tramways, our bridges and our canals are all invaluable assets; our telegraphs and telephones,

cannot get there. Why? Because I have no wings. What wings are to flying, capital is to trade."—*Bentham*, vol. ii. p. 557.

our wharves, our docks, our mighty navies and shipping, our vast factories and warehouses, our machine shops and equipments, our mines and our quarries are all vast items of our wealth. Then assets as vast we find in our drainage and our sewerage, our gas and our electric lighting systems, in our buildings and in our houses, in our palaces and mansions, and in our treasures of art, our treasures of antiquity, in our libraries and museums, and in the vast sums owed us by the other nations of the world. This is the wealth with which our ancestors have endowed us (*c*). How it is appropriated amongst individuals does not affect its reality. Were every deed, every writing, every ledger item of debit and credit erased, it would be none the less in existence—the gift to us from the past. The indebtedness handed down is but a matter of book-keeping; the assets real, tangible and concrete. Were our national debt, our municipal loans wiped out, the nation would be neither richer nor poorer. There would be a transfer of rights, but our assets would still be there. Whether they had a currency value or no would be immaterial; their intrinsic value to the community would be unchanged.

And what is the feature common to all these assets of wealth? All are the products of labour, not consumed at the time, but saved. By these

(*c*) Economists sometimes limit wealth to these latter forms only. "Wealth may be defined to consist of every commodity which has an exchange value" (*Flauccett*, p. 6); but as the popular meaning is equally correct, it seems better to avoid technicalities as far as possible.

savings in the past we, of the present, benefit. If we had taken our country as the Saxon or ancient Briton had left it, we should have found it little better than a wilderness of forests, marshes and swamps. That it is otherwise is due to the savings and energy of our predecessors, who—instead of limiting their energies and consuming the whole of the products of their own labour and putting it into forms they could themselves enjoy—devoted much to permanently improving the country and creating the wealth we have described, and we fortunate inheritors have entered into the fruit of their labour.

We see the results as a whole, we comment on them as a whole; and yet ever to be remembered is that these savings have been the many mickles that make a muckle, the savings of individuals who have been mainly animated by the desire to provide for their own wants and to leave their children a little better off than themselves(*d*). Thus has wealth been created, and not the least reason that its ownership should be approved is that individuals, in thus saving for themselves and their families, have enormously benefited the community as well. Where would our country have been to-day if no rights in property had been recognised? Where

(*d*) “At every step of its progress, capital follows one law. It arises solely out of saving. It stands always for self-denial and abstinence. At the first beginning savings are made slowly and painfully. . . . Subsequent increments of capital are gained at a constantly diminishing sacrifice, and receive a constantly diminishing remuneration.”—*Walker's Political Economy*, p. 66.

would have been the industry, the accumulations, the progress of the past? What greater misfortune could have overwhelmed the race than to have denied to them, such rights in the products of their toil and self-denial? (*e*) For what reason shall they be denied some voice in the disposition of their property or some payment for its use? And, above all, why cannot current labour afford to give them a substantial portion of the products of its work when its share that remains will far exceed the whole of what it could have produced by its own unaided efforts? And this is what labour does secure to-day. After paying property all its claims, it has still a considerable balance in hand above what it would have earned without its help (*f*). Look

(*e*) "If industry creates, it is the law which preserves; if at the first moment we owe all to labour, at the second moment and every other we are indebted for everything to law."—*Bentham's Theory of Legislation*, p. 110.

(*f*) "The wealth so used is by some economists termed 'capital,' which is somewhat technically defined as 'all that wealth, in whatever shape or form it may exist, which is set aside to assist future production.'"—*Fawcett*, p. 18.

This definition, limiting capital to that wealth set aside, is in danger of being somewhat misleading. Wealth we have seen defined by the same economists as consisting of every commodity which has an exchange value. Thus, practically, there is very little wealth that cannot be used as capital if necessity demands. Even a valuable picture can be made the medium for raising money to be used as capital for the very reason it has an exchange value. Thus, wherever there is wealth—as defined—there can rapidly be found capital.

Again, both words, capital and wealth, are as safely used with their popular signification as more precisely defined.

In case of a disastrous war, if we had to pay a large indemnity, it would be found that wealth now not used for

at the substantial comfort the artizan of to-day can command. He lives better, works less, and enjoys luxuries unknown to the middle class of two hundred years ago. So does the worker of the middle classes. He enjoys a comfort and refinement once the exclusive possession of the highest in the land. And are they the worse that a certain portion of their labour goes in paying for the use of savings, the use of which benefits them so much? We are not here inquiring as to how far we should have approved of the payment for some of the services out of which the savings were made. To us some of the services seem to have been very trifling and the payments very great. But of this we cannot judge. Probably posterity will take the same view of our transactions, but this we cannot help. The most we can do is to act according to our light, even if our light be no more than that of a glimmering taper. And so with the past, we have to equally dismiss it, knowing that we should have done no better ourselves, and also knowing that so far as it is past we can neither remedy nor undo its mistakes. For us, let us rather rejoice that we have had such a magnificent heritage handed down to us. It is far more important how we use it now than how far we can demonstrate that it might have been improved. And here let us test what these savings have actually done for us as a people. We will repeat some of the figures we have already given

producing other wealth, would be turned into capital, and so possibly we might escape the full calamity of not having money to conduct our business.

in showing the enormous development of our resources. These will as conclusively prove how the labour of the present benefits by the industry and savings of the past. The following table represents the energy developed in the United Kingdom at the periods stated. It is given by Mr. Mulhall in his review of the progress made during our late Queen's reign, and he takes as his unit one million of foot tons daily.

	Hand.	Horse.	Steam.	Total.	Daily cost per unit.
1840	- 2,220	- 5,100	- 2,400	- 9,720	- 28·7 <i>d.</i>
1870	2,700	- 5,600	- 15,750	- 24,050	- 15·4 <i>d.</i>
1895	- 3,200	6,330	- 51,880	61,410	- 8·9 <i>d.</i>

The most cursory examination of these figures shows how enormously labour has benefited in efficiency by the use of savings. The cost per unit has decreased from 28·7*d.* to 8·9*d.* in less than sixty years. That is, there is a reduction due to the use of savings of nearly 20*d.* per unit; that is, if property took the whole of this 20*d.* there would still be left for labour as much as unassisted labour earned in 1840. But property takes nothing like 20*d.* Mr. Chiozza Money estimated the total national income for the year 1904 at somewhere near £1,710,000,000. If property took  $\frac{2}{7}$ ths of this its share would be something over £1,260,000,000, leaving as a balance for the same labour unassisted by it £450,000,000. That is, labour without such savings as are represented by property would only earn this lesser amount.

Still following Mr. Money's calculations, we find for the same period the following gross amount of income tax was brought under review by the Commissioners of Income Tax. As taxes on property are collected at the source, the figures will probably be correct, whether an abatement was subsequently obtained or not. So here we may remark that as we are using such figures for comparative purposes only we think it will be more satisfactory to use those of Mr. Money, though somewhat out of date, than such as we might arrive at ourselves.

Sched.	£
A. Profits from the ownership of lands, houses, mines, &c.	251,700,000
B. Profits from occupation of lands	17,500,000
C. Profits from British, Indian, Colo- nial and Foreign Government Securities	44,900,000
D. Profits from business, professions, employments, &c. (including certain profits made abroad)	500,500,000
E. Salaries of Government, corpora- tion, and public company officials	86,000,000
	<hr/> £900,600,000

On this total Mr. Money remarks: "But this figure, large as it is, is certainly not large enough. There is unquestionably a very considerable amount of evasion under Schedule D of the income tax. The landlords of Schedule A cannot escape assessment, because the tax is paid by occupiers and deducted from rent, although there may be a certain



amount of under-assessment. Under Schedules B, C and E, evasion is, for the most part, difficult or impossible. . . . Schedule D depends on the conscience of the taxpayer, who often, it is to be feared, returns hundreds instead of thousands, and who is certain to decide any question that he can persuade himself to think doubtful in his own favour.” (g)

We may look at these figures in three different ways. First, we may assume that the whole of these sums are earned or received by people who directly or indirectly are indebted to capital. We have seen that capital has two distinct functions. One is for it to earn interest by being let out on hire ; the other to enable its owner to sell his labour to much greater advantage than otherwise he could have done.

But even then, as between those who have capital and those who have not, we see that the latter by no means suffer from the former. Apart from capital, the earnings of all workers, including those who now have the capital, would be as little as £450,000,000, whereas the non-capital-owning workers receive well over £800,000,000 under present conditions. Even after giving the favoured worker all the benefits we have enumerated in our past chapters, still the unfavoured worker is twice as well off as he would have been, apart from property or under conditions ruling a hundred years ago.

But here we are more concerned with what should

be directly attributed to property. Again, looking at our figures, we see that the whole of the amounts under Schedules A and C, as well as part of that under Schedule D, should be so allocated. We can arrive at how much of the amount under Schedule D should be given to labour and how much to interest on property by assuming that in every case each of those assessed had to hire his capital instead of owning it himself. If, then, we assume that one-third of what they received as income they had to pay over for interest on such borrowed capital (*h*), it would seem that it should be more than sufficient. By adding these items together we arrive at a closer approximation of what property, as popularly understood, may be taken to receive. They amount to about £451,000,000. Thus, out of the total income of £1,710,000,000 property receives this sum instead of the £1,260,000,000, the theoretical amount its share might be estimated at. On the other hand, the workers receive the twelve hundred odd millions instead of the four hundred and fifty millions they could have got, apart from property. But even these figures are too favourable to home labour. In arriving at them we really ought to disregard the item under Schedule C, as being from investments made abroad, and base our calculation on a

(*h*) Mr. Money roughly estimates the capital so employed at somewhere under £3,500,000,000. We remember that lenders want paying, not only for interest of money, but also for their risk run. The pure interest or actual hire paid for the use of money in the United Kingdom is three per cent., and such amount would be £105,000,000, or not a fourth, and hardly a fifth, of the scheduled earnings.

total income of £1,654,000,000, instead of the larger amount. Further, to allow a third under Schedule D is too much, and a fourth or a fifth would be more correct. Taking one-fourth, these amended figures show that out of a total income of such £1,654,000,000 the total receipts of property are only about £364,000,000, and this notwithstanding it has raised the earning power of the community from less than five hundred to over eighteen hundred million pounds per year. These figures show that the forces regulating the profits of capital let out for hire are by no means too favourable to its owners. In fact they prove conclusively what we have already pointed out, that in this form capital is nothing but an unmixed good to the worker. We are not dealing with the functions of capital in its other respect, of enabling its owner to sell his labour at such high rates, nor do we think it needs a radical change of social conditions to effectively deal with it. A simple graduation of existing taxes is all that is demanded. Nor is it necessary that this should be accompanied by any violent denunciation of social conditions, in the light of the facts we have just given distinguishing between the earnings of those with and those without capital. Again, looking at the same question as between those with incomes above £3 a week and those below such amount, we find, as Mr. Money points out, that in 1867 the whole income of the country was £814,000,000. In 1904, also taking his estimate, the workers earning £3 a week and less received as their share of the

national earnings no less than £880,000,000. That is, thanks to the increased efficiency of labour, due to property, such labour in 1903 received more than the whole nation of workers and property owners combined did forty years before. After making all allowances for the increase of population, these figures are simply stupendous, and as satisfactory as stupendous. Equally satisfactory are the figures Mr. Mulhall gives of comparative efficiency. Conclusively, they show how much of our prosperity as a nation is due to our superiority as producers, again due to the magnificent way our shops are equipped, again due to our savings as a nation, again due to the energy and self-denial of those who preferred to accumulate, rather than dissipate, their earnings in the past. The daily cost in pence per million of foot tons of energy is—Scotland, 6·9; England, 8·7; Ireland (alas!), 16·1, with an average for the United Kingdom of 8·9; France, 12·8; Germany, 9·9; Austria, 14·4; and Italy, 19. (*i*)

The most cursory glance at these figures gives an insight into the true road to prosperity as simple as convincing. It is by welcoming and making safe the capital which so enormously adds to the efficiency of labour, and which yet, as we have seen, is content to leave to labour such a large proportion of the products produced. But we need not carry the subject further. With these figures it is not

(*i*) We must here repeat that all such tables bristle with difficulties. But so far as they are comparative, and arrived at in the same way in all cases, our inferences will be fairly correct.

necessary to demonstrate the rights of property to some adequate share of products, to the increase of which it has so largely contributed. It is not a case of property depriving labour of anything, but of property making labour far more productive, and then taking for its portion a share of the surplus (*k*).

(*k*) "But perhaps the laws of property are good for those who have property, and oppressive to those who have none. The laws in creating property have created riches only in relation to poverty. Poverty is not the work of the laws; it is the primitive condition of the human race. The poor man in civilised society obtains nothing except by painful labour; but in the natural state can he obtain anything except by the sweat of his brow? . . . The laws, in creating riches, are the benefactors of those who remain in the poverty of nature. . . . Tyrannical and sanguinary laws have been founded upon the right of property, but the right itself presents only ideas of pleasure, abundance and security. It is that right which has vanquished the natural aversion to labour, which has given to man the empire of the earth, which has brought to an end the migratory life of nations, which has produced the love of country and a regard for posterity. Men universally desire to enjoy speedily—to enjoy without labour. It is that desire which is terrible; since it arms all who have not against all who have. The law which restrains that desire is the noblest triumph of humanity over itself."—*Bentham, Theory of Legislation*, p. 114.

In fine passages he shows how, from want of security under the Turkish rule, some of the richest parts of the world have sunk into beggary, and then contrasts what security has done for the American colony when seen side by side with savage nature.

## CHAPTER XV.

## PROPERTY FURTHER CONSIDERED—ITS LIMITATIONS.

THE foundation of the rights of property is, as we are agreed, that it makes labour more productive, and asks for its reward only a share of the surplus. If the institution of property is an evil, we can only rejoice that so much good should be the outcome of what is an evil. And so if individualism be an evil system, we can only rejoice that it is instrumental in developing so many sterling qualities of industry, foresight, self-denial and economy.

It may accentuate the accidents of birth and fortune, but it is doubtful if these could be eliminated by the most perfect theoretical system human genius could devise. We have before observed, there is no grander gift of God to any man than good parents, and by it every other advantage fades into insignificance. So, in criticising our present conditions, the man who has bad ones may well ask not only why he should be so cursed, but why the fortunate children of good ones should enjoy both the inestimable advantage of their love and guidance when alive, and the added advantage of their property when dead. Surely such a one may despairingly complain, "Is every good denied me?"

Again, individualistic society laconically replies :

“As we receive so will we measure again, and we have received nothing from your drunken, good-for-nothing, self-indulgent parents. Had all parents been like your parents, then all children had been like their children. That your lot is not worse is due to there having been good parents. The ones who have wronged you have not been the good parents, but your own bad ones. If you are not pleased with the result, see that you do better for your own progeny. Bad as your luck may have been, you will have your chances if you only take them.”

“But, thanks to my parents, I am wicked, vicious and feeble. How can I hope to redeem either myself or my children?”

“Then have no children to perpetuate the curse, and so solve one problem of existence. You do not approve our conclusion? Well, you are a free agent, draw your own; but we are an individualistic society, and if neither you nor your parents have done us service, what just demand can you possibly make?”

Well, let us pursue this rather brutal position to its logical conclusion, of course remembering that we are not here taking into account the altruistic forces of society, which happily are powerful, to mitigate the harshness of an evil fortune.

What are our premises? A man has rendered services—he has earned money. And what is our conclusion? It is his. His to use, consume, to give, bequeath, or otherwise dispose of.

Is any modification necessary?

As to his rights in it when alive, is there any reason for any limitation? He has earned it fairly, and it belongs to him. If he has not earned it fairly, the remedy is not to limit his rights, but to prevent his acquiring any rights whatever.

But how about his rights in its disposal after his death? That is another matter. After his death it is his no longer. Were it, many a one would take it with him. A life interest is the utmost interest any man can possess. How, then, does this affect his rights to dispose of it after his death? When he is alive he does as he pleases with it. But when dead? Then, if his wishes are to be respected, it can only be by the community giving effect to them. That one man should take estates on the death of their once owner, to the exclusion of everyone else, is purely conventional. The dead man may wish it, but why should the community respect his wishes? The dead render no services; they are neither objects of hope nor fear. Why should they be regarded? He may have given services when alive. True; and he has had his return. But he has certain wishes as regards his property. Well, let him see to their being carried out. But, being dead, he cannot; he desires the community to act for him. But why should it? Individualism is founded on pure unadulterated selfishness. Why should the community so act? Simply and solely because it benefits itself by so acting, and for no other reason. Exactly so far as it benefits by interfering, so far it interferes, and the chief of all benefits is that the savings of the



units are of enormous advantage to the whole. Its interest is to encourage savings, it is wise to encourage savings, and in no way can it do it better than by regarding to a certain extent the wishes of their once possessor when he is dead. Thus, whilst a man's rights in his own earnings, when alive, are founded on one set of principles, his privilege of disposing of such as he has not himself consumed is governed by an entirely different set of considerations. But in both the community is influenced only by the same motive—its own interests.

We have banished altruism from our counsels, we have agreed to be governed by pure selfishness, and so may well inquire how far the community benefits by vast sums being handed down from generation to generation to perpetuate families living in luxury, who always take and never give, and who receive the benefit of others' services without giving the smallest services of their own in return. It is clearly to the interest of the community to have each doing his utmost on its behalf; but how is it affected if some will do double work—give double services—that others may be free? Individualism can but cynically say that is their business, and has no further right to interfere or complain. It receives as much as it gives, and can justly claim no more. But we have dealt with the nature of services and the payment made for them. We are agreed that our standard of value and that of our ancestors widely differ, and we are equally prepared for posterity to condemn us as even more foolish. To

allow a few individuals to appropriate the wealth of continents may seem the depth of outrageous folly, but yet we are agreed that each generation must judge for itself as to the value of services rendered it. And in practice this principle works out fairly well on the whole, provided that an error of judgment, if made by one generation, is not necessarily perpetuated through many others. It is one thing, under a mistaken notion of value, to pay a man fabulously for his services—as, for example, discovering new diamond fields, which must soon have become known—and for the mistake to end with him, and quite another that it should be perpetuated from father to son in a long line of descendants. Laws may be intolerable that allow an oil king to extort a hundred millions for his services, but they are absolutely disastrous to the nation that permits the money to go to found an oil-king clan, to live for centuries on the fat of the land, and probably to become so many centres of luxury, laziness and indulgence, even if not the forcing-houses of immorality and vice.

But to cure this excrescence, is it necessary to destroy a whole system which has hitherto been productive of excellent results? On the contrary, it is an evil, a growing evil, but one which seems capable of being effectively dealt with when on death the community has to be resorted to, to give effect to the wishes of its once owner. Then, apart from its right to make a fair charge for its services in so acting for him, it is entitled to review the whole situation, and inquire how far it will benefit

by allowing his fortune to be passed on to others. It is a nice and delicate question. It does not wish to so disturb property as to interfere with the industry and saving habits of individuals, it does not wish to jeopardise a system proved to be beneficial, it does not wish to be so injudicious as to drive property by which it so much benefits out of the country; but at the same time it is an evil that positively cannot be left to grow unchecked. Probably the solution of the problem in England is not unwise. It rather assumes that the benefit of property to the community varies inversely with the amount held by individuals. In other words, that the larger the number of owners, and the more equal the amount held by each, the more the benefit, whilst on the other hand the fewer the owners and the larger the amounts held the less the benefit. To this principle effect has been given by a system of graduated death duties (*a*). It is not

(*a*) "Is it necessary that between these two rivals, *security* and equality, there should be an opposition, an eternal war? With a little patience they may in a great measure be reconciled.

"The only mediator between these contrary interests is time. Do you wish to follow the counsels of equality without contravening those of security? Await the natural epoch which puts an end to hopes and fears, the epoch of death.

"When property, by the death of the proprietor, ceases to have an owner, the law can interfere in its distribution, either by limiting in certain respects the testamentary power, to prevent too great an accumulation of wealth in the hands of an individual, or by regulating the succession in favour of equality in cases where the deceased has left no consort, nor

based on ability to pay, otherwise the duty would have to be determined by the amount received by the individual rather than by the size of the estate as a whole. Possibly a defect in practice may be that it makes no distinction between property acquired by methods of which we approve, and by methods of which we do not. But in theory this defect does not exist, for, here we must again observe, if property is wrongly acquired it is the acquisition and not the disposition that should be prevented. Gibes at lawyers are the standing jests for all time, but the remedy is not to charge their estates more, but to make them honest. So practically, so long as not overdone, the system of death duties seems to work satisfactorily. They may not prove a wholly logical solution of the problem; but, after all, logic is not an essential in life. In fact, one of the distinguishing features of our race is the deficiency of our logic, and the satisfactoriness of our conclusions. No other nation can furnish such a rôle of correct action defended by so much unsound reasoning as ourselves. The maddest proposals and wildest theorising yield some small modicum of good when thrown into the melting pot

relation in the direct line, and has made no will.”—*Bentham, Theory of Legislation*, p. 122.

“The system of progressive taxation prevailed at Athens. There were four Solonian classes of citizens, arranged according to wealth. Of these the first paid no taxes. The class next above them were entered on the tax books at a sum equal to five times their income, the next class at ten times their income, the richest class at twelve times their income.”—*Walker, Political Economy*, p. 498.

with an abundance of that good common sense in action which has made us the most practical people in the world. So allowing ourselves to be neither hampered by formal constitutions on the one hand, nor led away by the wild talk of demagogues on the other, we have adopted this method of graduated death duties for solving the problem of our over-paid. It seems, to some extent, to be founded on sound theory as well, but if so, it is an accident, and one of which I am sure we are ashamed. Our whole constitution is an anomaly, our institutions are an anomaly, our growth is an anomaly; but then it is a growth, and a growth founded on experience. It is not the institution makes the man, but the man the institution, and institutions work ill or well, not according to the perfection of their drafting, but according to the animating spirit, the national impulse that gives them reality and power. Whether the death duties will prove a wholly satisfactory cure for the evils we have mentioned, time alone will show. If not, we can rely on the common sense of the nation once again to deal justly and effectively with the matter.

## CHAPTER XVI.

## PROPERTY FURTHER CONSIDERED—ITS VARIETIES.

THERE would not seem to be much necessity for this chapter, but still some schools are inclined to see a material difference between property in some forms and in others. Perhaps in theory there may be distinctions, but not sufficient to materially affect the two cardinal accidents of all property.

The first all-important, and to third parties perhaps only important, characteristic of property in every form is, that it enables its possessor to receive the products of the current labour of other people without giving any current labour of his own in return.

We have seen that in 1904 home labour gave out of its products of 1,710 millions of pounds some 451 millions at most, or only 364 millions if we take the lower and probably more correct estimate, to property for its use. As labour without property would not have made even the odd seven hundred millions worth of products, labour as a whole did not give property an extravagant share for its use. Nor does it seem to matter to labour very materially how this four or five hundred millions is divided up amongst property itself.

This brings us to the second characteristic of

property, that the values of its different forms are solely and entirely determined by their values *inter se*.

Many factors determine such values. The amount receivable, the security, its liquidity, its portability, and a thousand similar considerations which need not be gone into. So again one owner of property may desire a large immediate return for his investment, such as is derived from wasting leaseholds; whilst another may as strongly desire an improving security with a low immediate return; and a third may seek only benefits considerably deferred, as when he insures his life, purchases a reversion, or brings up his children to expensive professions. But whatever the investment, its value is fixed by the keenest competition of the keenest men that the country produces. Whatever the form of the investment, all want the same thing for their money—the utmost return possible.

And so its form is wholly immaterial to labour. What is alone material is what it must pay for its use. This again is determined by property itself. Property makes its own charges, but these charges are fixed by the fiercest competition of its owners. Exactly as labour needs property for its profitable employment, so does property need labour to use it to secure any return. Apart from being used actually or prospectively, property has little or no value. Like labour itself, property has its market value determined by the amount available and the demand for its use. At first sight the amount available might be thought the all-important factor in

determining its value. This largely is so, but probably as important a factor in determining the general level of value is security (*a*). Where security is bad, as in some Oriental countries, not even 50 per cent. will tempt the owner to part with its possession, however anxious he may be to have it profitably employed. Instead, he prefers to hoard it unused, and in such cases its portability is its greatest recommendation. On the other hand, where property as property is safe and fully protected by the law, where its possession is encouraged, there it is most freely put on the market at the lowest rate. In this fact we find another most potent reason why an individualistic society regards property almost as sacred. Society benefits as a whole by the savings of individuals as units. But society further benefits by these savings being used, and it encourages their being put into those forms where they can be used by making them secure. Further, society, being interested in activity and progress, benefits by property being secure, as thereby it obtains its use for the minimum of cost. Thus anything which causes uneasiness, or tends to unsettle property, invariably causes its charges for its use to increase, with immediate expense and loss to labour.

Thus, we have had examples in England of some undertakings, such as our railways, which could obtain all the working capital they required for

(*a*) Theoretically these two factors reduce to one, as want of security results in property being withheld, and therefore in its not being available.



little more than 3 per cent. Now they have to pay nearly 4 per cent. That is, labour could formerly buy for one pound per year the use of about £31; now it can only obtain about £26. Formerly, a share that brought in £4 a year was worth some £130, now it commands only something over £100. This is a serious matter for labour. It is one thing for capital, in common with labour, to have a high value on account of great demand due to great briskness of trade, and quite another when it is withheld on account of general uneasiness, and so far as it is so withheld, it will not be remedied by further disturbing factors. The whole situation is this—the institution of property is attended with so many advantages to a community, that in the present state of thought there does not seem the remotest possibility of its being abolished for any other system, however theoretically perfect. Then in the interest of the workers the highest and wisest policy is to accept the inevitable, and make property as secure as possible. Stop its wrongful acquirement by all means; this should be the main end of our civil law; but, when acquired, let its owner know it is his, and particularly that it is not to be subject to confiscation because in any particular form. If would-be reformers would make attacks on capital, let them make it secure. This, above all, will keep it at home and lessen its earning power<sup>(b)</sup>. It is marvellous how little it will be

(b) "No nation will ever accumulate a large amount of capital for the purpose of applying it to productive purposes until there is sufficient social order to render property secure."  
—*Fawcett*, p. 175.

content with, if only secure (*c*). Does labour suffer by high capital values? On the contrary, it profits. It means that property wants so much less share of the proceeds of labour for its use. High prices are matters between property owners themselves. If they bid up the value of what labour gives them as their share, does labour suffer? On the contrary, labour benefits enormously. That is, directly. In our chapter on the causes of unemployment, we shall show how still more does labour benefit by securities appreciating, by margins improving, and by the enterprising man of business finding his work and capital increasing. So, on the contrary, there must be lack of enterprise, lack of employment, lack of buoyancy when capital values are falling. When such values owe their fall to causes beyond our control, there is nothing to be done but to regret; but when such a fall is due to measures which might have been avoided, it is desirable to inquire whether the good purposed to be attained by such measures at all approximates to the actual evil caused (*d*).

(*c*) "Sufficient capital might soon be accumulated in England to reduce the current rate of interest to 2 per cent. This was the current rate of interest in Holland at the end of the 18th century. The Dutch at that time were therefore content with 2 per cent., but the English are not satisfied unless 3 per cent. can be obtained."—*Fawcett*, p. 176.

(*d*) Nothing benefits the commercial man so much as low interest, and so far as Consols set the rate for gilt-edged securities, which again set the rate for other securities and for money generally, so far, reducing the national debt and reducing the rate of interest on Consols adds to the general prosperity of the worker at the expense of the lender. Still the community has absolutely no right to adopt any policy to benefit one at the expense of another. Its duty is to hold an even-handed justice between all.

Apart from this general level of security, each individual transaction has to be judged on its own merits. We find varying rates paid for the use of money, this variation being generally governed by two considerations. First and foremost, again, is security. Whatever is paid above the true level of a safe security may be regarded as paid by way of insurance. If for a certain class of investment absolute security commands 3 per cent., and a borrower has to pay 4 per cent., the additional interest is the owner's charge for insuring against the extra risk involved. So investments that are liquid, as bankers term it, or instantly realisable with trifling loss, like our best railway shares, can command only a smaller rate of interest for their use. And so some class of securities, apart from the deferred improvement they may be valuable for, receive a portion of their interest in extraneous or non-monetary advantages. Such is the case with landed estates, where many an owner who receives 1 per cent. in consideration and  $2\frac{1}{2}$  per cent. in rent considers himself singularly fortunate.

In individual transactions it operates in two ways. If the rent is ascertained the capital value attains a fancy price, and may be worth some thirty times as much, and any increase of rent may mean a proportionate increase in such capital value. As, however, agricultural land is in competition with the world's virgin soil, this increase of rents is nowadays in England more or less imaginary. The second aspect is that, where a man wants to become a county magnate, he is willing to invest his money to bring him in only this small rate of interest, and

by this the actual worker benefits. It pays the ordinary farmer far better to rent a farm worth £10,000, say, and pay £300 a year for it than to buy it, even if he could borrow the whole of the cost on mortgage, as the least rate of interest he would have to pay would be 4 per cent., involving a cost of £400 instead of £300 a year. That his landlord takes out another £100 in dignity is his pure gain, and cheaply purchased by greeting him as squire (*e*).

But some schools hold that land should not be the subject of private property. First, of its nature, it is not a subject for property, another way of repeating their conclusion (*f*); secondly, it is a monopoly; and, thirdly, it benefits by unearned increment. As regards its not being a legitimate subject of property (*g*), this is pure theorising, and the answer is obvious: if land is not the subject of property, it was very wrong for the

(*e*) We may state the case in another way. Such estates may be said to have two combined values—an economic value and a social value. The worker has to pay a rent for the first only. The purchaser has to pay for both. The social value may be a fancy price, determined by demand for county honours; the economic value is determined by demand for the commodities producible on it.

(*f*) "There is no reasoning with fanatics armed with *natural rights*, which each one understands as he pleases and applies as he sees fit; of which nothing can be yielded nor retrenched; which are inflexible at the same time that they are unintelligible; which are consecrated as dogmas from which it is a crime to vary."—*Bentham, Principles of Legislation*, p. 85.

(*g*) "One thing in the midst of all this confusion is but too plain. They know not of what they are talking under the name of natural rights, and yet they would have them imprescriptible."—*Bentham*, Vol. II., p. 498.

community to have made it such (*h*). To accept value for land in one generation because it is property, and then confiscate it in another generation because it is not, is simply subversive not only of property in land, but of the whole of the principles on which individualism is founded. The right to property in land is traceable to exactly the same action, motives and principles as right to property in everything else. One cannot be successfully assailed without similar reasoning bringing down with it the whole of our social edifice. And the reason why land was made, and probably always will be made, the subject of property is clear (*i*). Unused land yielded no rates or taxes. Thus, even now we find countries glad to give the land to anyone who will use it, so that they may receive their quota in taxes. This is another instance where we need very exact contemporary knowledge before

(*h*) "It is the true spirit of liberty which inspires the English with so much horror for what they call *ex post facto* laws."—*Bentham's Theory of Legislation*, p. 156.

(*i*) "As a measure of political expediency, however, the scheme of the assumption by the State of the increment of land appears to me fatally defective. In the first place it must be observed that a large part, at best, of the possible mischief has already been done beyond repair in the surrender of the rights of the community to individuals. As that surrender is now generations, even centuries old, and as much of the land has changed owners sometimes over and over again in the interval, many of the present possessors having paid the full price of to-day in good faith under existing arrangements which were fully sanctioned by law, it would be simply robbery for the State to reassert its interest in the land without fully indemnifying owners."—*Walker's Political Economy*, p. 415.

we can say our ancestors were wise or foolish. It is absurd our viewing gifts of land to-day, when it is in great demand, with the same eyes as in the past, when it was lying waste and when the wise statesman was glad to see it enclosed (*k*) and in the hands of anyone who would lay out money on it, develop it, and add to the resources of the nation. And after all this is but a development of a policy that has existed from the earliest times. Provisions to secure the use of land are of most ancient origin. Thus, in the code of Hammurabi, dating back some 2,000 years B.C., it was enacted by sects. 27—29 that the land of a man summoned on the service of the king should be worked by his son, his wife, or even a stranger. Sect. 30 further enacted that if he neglected his field for three years he should lose it altogether, but if for one year only (sect. 31) he should be entitled to reclaim it. So equally to-day we have new countries like Canada glad to give land for the asking to anyone competent to cultivate it.

Then as regards the unearned increment, this is no more than saying that a man has bought an improving security, which possibility of im-

(*k*) "In England, one of the greatest and best established improvements is the division of commons. In passing through the lands which have undergone that happy change we are enchanted as by the sight of a new colony. Harvests, flocks, smiling habitations have succeeded to the dull sterility of a desert. Happy conquests of peaceful industry! Noble aggrandisement which inspires no alarms and provokes no enemies!"—*Bentham's Theory of Legislation*, p. 196.

We have seen this was an opinion shared by Bacon, see note, p. 88.

provement has been a material factor in settling the price he paid. But the value of all property is ever changing, and especially in towns. Some lots improve, but many an investor has been ruined by the depreciation of others. Is he, therefore, to only bear the loss of the one and to never enjoy the benefit of the other? (1)

(1) In addition to being indefensible in theory it is unstatesmanlike in practice. Our wise policy is to persuade our property owners to invest every possible penny at home. To attack one form of what in the past the nation has regarded as the highest form of property, and to make it taboo, is simply throwing prosperity to the winds for a whim. The return from it is so trifling that none but a vote hunter would upset a system for such a chimera. Mr. Money thus estimates the value of all the returns from land:—

From farm lands	£35,000,000
From lands bearing dwelling-houses, factories, business premises, etc.	51,000,000
From sporting rents, etc.	- - 1,000,000
From mines, quarries, etc.	7,000,000
From railways and other property -	6,000,000
	<hr/>
	£100,000,000

What great return is to be got from taxing the unearned increment of such of these lands as increase in value? The merest bagatelle, and to get it we have to sacrifice principles on which our civil contracts have been founded from time immemorial. If, as some schools argue, all property should be made common, let us reconstruct society on such footing. Its possibilities are fascinating. They have appealed to every idealist and dreamer in every age. But to single out one form of property is a midsummer madness. Why attack only unearned increment from land? Let us again quote Mr. Money, whose logic is unanswerable: "Company B. is a restaurant company, and the balance-sheet is for 1903. It does not publish a profit and loss account. The issued capital is £182,000, but a great deal of this is 'water,' for bonus

But the answer to all objections to private ownership, including that of the unearned increment theory, is, let the community buy it back (*m*).

shares have been issued year after year. In the year under review the profits amounted to £76,000, or over 40 per cent. of the amount of the watered capital. We do not know what the company pays in wages, but I doubt if it reaches £30,000 per annum, or one-half the amount of the year's profits. The employees are chiefly young girls who are paid a few pence per hour. This case is an exceedingly instructive one to the student of 'unearned increment,' because the restaurants are many in number, and situated on most valuable sites. After paying the ground landlords unearned increment, the sleeping partners in this concern gain as they sleep a hundredfold more unearned increment than the ground landlords." Before we could endorse all these remarks many other facts would have to be inquired into, but they only show how, once start an argument, and no one in this wide world can say where it will stop.

(*m*) "When the question is to correct a kind of civil inequality, such as slavery, it is necessary to pay the same attention to the right of property; to submit it to a slow operation, and to advance towards the subordinate object without sacrificing the principal one."—*Bentham's Theory of Legislation*, p. 122.

"If the State appropriated unearned increment, would it not be bound to give compensation if land became depreciated through no fault of its owner? . . . If the State in prosperous times appropriates an increase in value, and if in adverse times the falling off in value has to be borne by the owner, land would have a disability attached to it which belongs to no other property. If we purchase a house, a manufactory, or a ship, we take the purchase with its risk of loss and chances of gain; and why, with regard to land alone, should a purchaser have all the risks of loss and none of the chances of gain? If thirty years ago £100,000 had been invested in agricultural land, and if at the same time another £100,000 had been invested in such first-class securities as railway, banking, insurance, water, or gas shares, it can scarcely be doubted that if the latter investment had been made with ordinary judgment there would be



Probably it is undesirable, but having elected for over a thousand years to regard land as the subject of property, it cannot now either honestly or with advantage repudiate the obligations of the past. It must not be forgotten that the State is but an aggregation of individuals, and if in the past such individuals acting collectively have allowed individuals acting singly to invest in land, then they are no less bound by the rules of common honesty, as generally accepted in an individualistic state, because they call themselves a community. The ownership of property in land is, like all other ownerships, traced to individual transactions. Some of these seem strange and unsatisfactory to us to-day. As we have before observed, we have taken from our fathers an enormous mass of what is precious, and it is not open to us to

at the present time a very much larger unearned increment of value upon the shares than upon the land. The increase in the value of the shares would have taken place quite independently of any effort or skill on the part of the owner; and therefore it may be asked, 'Why should this unearned increment remain as private property if the unearned increment in the value of land is to be appropriated by the State?'—*Fawcett*, p. 286.

Mr. Fawcett next points out how the very reverse policy is desirable, and that everything ought to be done to promote a flow of capital to the land. Most certainly. But who will put money into any property which is the cheap material for every ignorant agitator to rail about?

If land were made perfectly secure some of our surplus wealth which is invested abroad might well be used to make our land more productive and find employment at home. But the fact is, large incomes from land are in evidence, and wealthy men who are wise now prefer their income being derived from less public sources.

criticise or re-open particular matters. We have neither the learning nor the facts to do it. We have to accept things as they are, knowing that according to their light they did what they thought best. As for trying to remedy a past abuse by a present remedy, nothing is more impossible. As to the further objection of land being a monopoly, this is well answered by the fact that if the community need it they now have the right to buy it at a fair market value (*n*).

Perhaps further administrative facilities might be provided for towns wanting land, but any further change would hardly be beneficial. So, if the country desires to resume possession of all the land, it could be simply done by buying up the reversion to-day, to fall into possession a hundred years hence. A very small payment down would be all that would be necessary, and though the advantage of State ownership would be doubtful, still it would be only a matter of book-keeping if the land were fairly bought (*o*). So, further, agri-

(*n*) Not like stocks or shares, which if oversold may be rushed to any price.

(*o*) "If the nationalisation of the land without compensation is flagrantly unjust, it can, we think, be shown that nationalisation with compensation, though not so unjust, would prove incalculably mischievous. . . . And when the State had become the possessor of all the land, what is going to be done with it? What principles are to regulate the rents to be charged? Who is to decide the particular plots of land that should be allotted to those who apply for them? If the rent charged is to be determined by the competition of the open market, in what respect would a cultivator be better off if he paid a competition rent to the State instead of to a

cultural land, at any rate, is at a very low price, and ought to be an improving investment.

But in considering the question one thing must not be forgotten—that land is exactly no worse and no better than every other form of property (*p*).

private individual? And if the market price is not to be charged, who is to bear the loss? From what fund is the deficiency to be made good? If the Government owned the land, and once began letting it on any other terms than those which regulate the transactions of ordinary commercial life, there would be opened indefinite opportunities for State patronage and favouritism, and the demoralising corruption that would ensue would be more far-reaching and more baneful in its consequences than even the pecuniary loss which the scheme would involve. If land was to be allotted as a matter of patronage, who would have the fertile plots and who would be relegated to those barren soils which, under most favourable conditions, will scarcely pay for cultivation?"—*Fawcett*, p. 283.

(*p*) "There is no such thing as natural property, it is entirely the work of law."—*Bentham's Theory of Legislation*, p. 111.

And land can equally be made the subject of property as anything else and with as great advantage.

After inquiring into the basis of a law of property, he asks: "Has not man in a primitive state a *natural* expectation of enjoying certain things—an expectation drawn from sources anterior to law? The catalogue of these cases is very limited. The savage who has killed a deer may hope to keep it for himself so long as his cave is undiscovered, so long as he watches to defend it, and is stronger than his rivals. How miserable and how precarious is such a possession! If we suppose the least agreement among savages to respect the acquisitions of each other, we see the introduction of a principle to which no name can be given but that of law. A feeble and momentary expectation may result from time to time from circumstances purely physical; but a strong and permanent expectation can result only from law. That which in the natural state was an almost invisible thread, in the social state becomes a cable. Property and law are born

Its value has been determined by fierce competition with other investments, and in common with other investments it carries the right of all property to receive the products of current labour without its owner having to give any products of his own current labour in return (*q*).

together, and die together. Before laws were made there was no property; take away law and property ceases.

"As regards property, security consists in receiving no check, . . . no derangement to the expectation founded on the laws. The legislator owes the greatest respect to this expectation which he has himself produced. When he does not contradict it, he does what is essential to the happiness of society; when he disturbs it, he always produces a proportionate sum of evil."—*Ibid*.

(*q*) "One of the seven was wont to say, that laws were like cobwebs, where the small flies were caught and the great break through."—*Bacon's Essays, etc.*, Bohn's edition, p. 182.

Especially is this so with attacks on land. It is the small man will suffer. It will be the small man who cannot find margin to reduce his mortgage; it will be the small man who will be wiped out. But it is said the small man is not touched. Is not property held by every class in every manner, and in every amount? And even if not directly injured, the small man will be injured by the sympathetic depreciation that results, and charges, trifling to a rich man, will be serious to him. But the rich man will easily weather the storm, will have cash to buy up depreciated lots, and what he loses by attacks he will make up by investment.

So attacks on land will be fatal to the development of towns. To buy fields, money is needed. To lay out roads, money is needed. For finance, for mortgages, for the purchase of ground rents, money is needed. For investment in houses when built, money is needed; but when and how will money be found if land is not the subject of property—if the investor has to bear his loss and give up his gain?

## CHAPTER XVII.

### INDIVIDUALISM AND COMPENSATING FORCES.

PERHAPS it may not be inopportune to here briefly refer to some of the moderating influences which so largely contribute to mitigate the harshness of individualism, and, above all, we must remember that not the least merit of individualism is that it gives such free play to all the nobler sentiments of mankind. One great leader of men, Lord Beaconsfield, went so far as to declare that “the tenure of property was the fulfilment of duty.” Nor was this an idle aphorism on his part. To-day the power of many of our great families is that they regard the possession of property as a sacred responsibility, involving the obligation to use it for the good of their fellow-men; and, similarly, men in possession of great mental acquirements are often found equally sensible of their duties to their neighbour.

The whole tendency of to-day is to democracy—to equality of opportunity. Particularly is this the creed of the strong. Whether it is equally satisfactory for the weak is another matter. The very equality so insistently demanded soon finds them left far behind in the race of life. For such, equality is not a boon and democracy is a curse. Far better for them to be the retainers—even the humble retainers—of some great house, which will

advise, strengthen, assist and identify itself with them. It may not afford them any grand outlook for gratifying a vaulting ambition, but it may secure them freedom from anxiety and a peaceful and tranquil existence far more satisfying to those of their temperament. If any idealistic society were to command support on account of a reasonable promise of general happiness, it would be that of an ideal conservatism where rich and poor, strong and weak, should live together in harmony, but where the rich and strong would be governed by the one principle and rule of conduct that "the tenure of property is the fulfilment of duty." And to-day what makes property and individualism so tolerable and beneficial in our land is that there is so much of this spirit animating the best of our people. Thus, we find that many of those who are most insistent on their rights are the very ones who exercise those rights for the best good of their fellow-men.

But in practice still further do we find moderating influences at work to make individualism work well. The very purchases of the rich enable those less favoured to obtain better value for their money. The rich man demands for his enjoyment a cigar made of the finest leaf of the plant. Such may cost him as much as 2s. 6d., but the planter is well satisfied if he receives a fair price for his plant as a whole, and if the choice leaves secure him so much, he is able to sell the coarser ones at a far less rate. Thus, a cigar, not quite the best, is put on the market at a much lower price than otherwise would be possible.

But to the man of ordinary healthy taste and temperament the one is virtually as enjoyable as the other. So with the tea, the fruit, the vegetables, and the food of the masses generally. Owing to the extra high prices paid for the finest qualities, the good and moderate ones can be sold at far less amounts than otherwise would be possible; and, similarly, many an expensive luxury, after being only slightly used by the rich, finds its way into the hands of the less favoured at a fraction of its original price. Thus, the man of most moderate means can gratify a taste for articles which would never even have been brought into existence had there been no wealthy class to bear the bulk of their first cost. Then, again, with professional services: it is the universal rule for doctors to make graduated charges for their services, and it is rare indeed that cases of need cannot command the utmost skill available. So, also, the humblest of students may rise to the highest honours, and enjoy the best education that money can command, if only he has the ability and desire to avail himself of them.

And here we may also mention one of the compensating forces of nature itself. The greater the desire, the greater the delight on its being gratified. Pain must be equally terrible to every class if equal in intensity; pleasure is dependent on the individual temperament itself. Some schools speak of our life here as a weary pilgrimage of want and longing, forgetting that in the very satisfying of such want and longing the pleasure and enjoyment of life is found.

We have thus briefly indicated some of the leading characteristics of individualism. It is essentially a system for the strong, and otherwise has its defects. It also has its innumerable advantages, and, above all, it is in existence. At this stage of the world's history it is not worth our while to discuss whether other systems might not be theoretically better; but none are possible, and as wise men we shall do better to consider how we can correct the faults of individualism, rather than attempt the impossible, and probably aggravate existing evils. If mankind were perfect, every system would act perfectly; but as long as human nature is what it is, every system, however perfect in theory, will prove wanting when reduced to practice.

We will conclude this portion of our subject with what we have before observed—that a community does not exist as an entity in itself, but is made up of an aggregation of individuals. There is no royal road to happiness, and no community can ever get rid of the necessity for individual responsibility. A nation will be strong or weak according as its individuals are strong or weak, and nothing will be more fatal to the stability of our race than if for this sense of individual duty we try to substitute that of the community at large.

The foundation of liberty, progress and improvement must be the enforcement of individual responsibility. On one condition only can a man be allowed to divest himself of such responsibility—that he becomes a slave.

It may be well that the foolish should be the



slave of the wise, that his liberty should be curtailed ; but is it necessary to-day—is it desirable—that this should be so ?

Give me—whether as State or owner—give me the disposal of a man's actions, and then, and only then, can I be responsible for his welfare. The conditions are inseparable.

**PART II.****The Principles of Employment.****CHAPTER XVIII.****OUR SUBJECT STATED.**

BEFORE inquiring further into the conditions of the underpaid and unemployed, it would be well to engage in a preliminary investigation into the principles of employment itself.

And first let us understand what we mean by employment.

The expressions so much to the fore to-day—"We want work," "The right to work," "Find work," etc.—are somewhat misleading. We do not want work. What we want is the profit of our work, the pay for our work; and we want work more or less according as the pay is good or bad. This sounds a truism, but it is not. Politicians and the people, and even economists, equally confound the two, with equally illogical results.

Were work alone the want of our population, it were easy to gratify them.

Send them to our gaols, our casual wards, or our sweating shops and find them work in abundance. Transfer them to other countries like Russia and

find them work, work till they are weary to death with work. But profit for work—that is another matter; to the millions whose only asset in life is the labour they have to sell, the all-important matter. All-important to them is not giving more labour, getting more work, but getting more profit and receiving higher pay for the work they give. Therefore, in discussing the principles of employment, it is idle to show how we can increase work. What we want to consider is how we can increase the profits or returns from work.

And here let us emphasize the fact that it is not necessary to find work to be done. For all practical and theoretical purposes the work to be done is virtually unlimited—certainly for our time. On every hand we see mountains of work to be done—crying out to be done. Sanitary houses for our millions; parks and open spaces and public halls for our millions; to say nothing of better clothes, better food and better education for our millions(*a*).

And if we proposed to accomplish all these things, where should we commence? Where are the factories to turn out the millions of boots and shoes required? Where is the army of tailors and dress-makers to clothe our people? Where are the bricklayers, the plasterers, the joiners and tradesmen to build houses for our population; and as for our food, who could organise an adequate supply? To but satisfy the reasonable needs of our people

(*a*) Hence the distinction of economists' between demand and effectual demand, *i.e.*, demand by those who not only want, but can pay for what they want.

no shuttle could fly so fast, no needle ply so quickly, no tool be so speedy as to produce too much.

Then, if we sought to gratify a reasonable demand for reasonable luxuries, what possible limit could there be to the labour employed? To mention but one article—watches. If wanting were the only limit to production, there would be wanted ten or twelve millions, and all of the best description.

There is as yet no human limit to demand.

What, then, is the limit for us who desire all these things? The popular idea is the correct idea—money—money with which to buy. So long as our money lasts we can buy; but spent and we can buy no more. The slave alone is compelled to give his labour for nothing; for the good things we desire, the free man demands money in exchange. The work he will do he limits by the money to be received. This is true in the unit, it is true collectively in the whole; and therefore the free work to be done by a nation, the nation limits to the money it will receive in return. The work to be done in itself is unlimited. It is the money available to pay for it which is insufficient(*b*).

And what is money? It is immaterial that it is of gold or silver or copper. In itself it has no practical use. It will not feed, nor clothe, nor

(*b*) "It is possible as an hypothesis to suppose that a greater quantity of all commodities may be produced than people really want. It will be proved that such an over-production has never taken place in the past, and is never likely to occur in the future."—*Fawcett*, p. 473.

house us. It is of value only so far as it enables us to buy the work of those who can. It is accepted as a token by virtue of which we can obtain the labour or products of labour of other people. Its limited and expensive character is because man is unbelieving in his fellow-man, and likes his gold to be not merely the token of so much labour, but the actual or approximate result of so much labour. This is not essential to its character as money, but is a matter of credit. Witness, for example, a five-pound Bank of England note, which, though it does not cost a penny to produce, will in some places sell for more than five sovereigns in gold itself. It is accepted because it carries the assurance it can at any time be exchanged for the products of labour of five pounds, and in the meantime is more portable.

And this is what all money does. It carries the assurance it can be exchanged for the actual products of labour for which it is the nominal equivalent<sup>(c)</sup>. As a voucher for work done, as a ready standard for the relative value of commodities and services amongst themselves, its utility is beyond argument; but theoretically there is nothing impossible in the products of labour being exchanged without using money as the medium, though the practice would be neither easy nor convenient. We receive money for our work, but only to part with it again

(c) In a debased currency this assurance is wanting, with the result that coins will not realise their nominal but only their actual value.

for the work of other people. Do away with the money, but leave the assurance we shall otherwise be able to obtain the work of other people in return for our own, and as far as we are concerned our position is unchanged.

Beyond carrying this assurance, and furnishing the standard of value, we see how largely money can be eliminated from the small as well as the great transactions of life.

Thus, we see the same money doing service again and again. The master draws money from the bank. We follow it into the hands of his workmen, their wives, the tradespeople, their servants, &c., to find it, its round finished, probably once more in the same bank from which it was originally drawn. Apparently the all-important part of each transaction, it has not even been essential, it has but served its purpose, that of effecting the interchange of one class of goods or services for another (*d*).

So in the largest commercial transactions we find money almost entirely eliminated. In our marvellous clearing-house system we see bankers transferring to one another thousands of millions of money, and hardly a coin changing hands. With them their money is their credit. Behind all these transactions is the assurance that every money entry is equivalent to money, and, above all, the warranty that every such entry can command

(*d*) The wife of the artizan would be in the same position who received, in place of so many pennies, so much bread. But not the least advantage of money is its enabling all to gratify their own fancies.

its actual equivalent in actual proceeds of actual labour (*e*).

Money is but a symbolic form of the products of labour. It may be token money, like our silver and copper; it may be voucher for actual value, like our gold; or it may involve credit, like our cheques, our notes, or other money acknowledgments generally; but its one essential is that at any moment it can instantly be turned into a concrete form, into the actual products of labour itself (*f*).

(*e*) In nothing is this more marked than where stocks and shares are speculatively dealt in. Let the amount sold exceed by a small fraction the actual amount in existence, and instantly the market for it will be in a convulsion. Any price may rule quite irrespective of the true value.

(*f*) In panics the one product of labour demanded is gold itself, therefore sound currency always demands that gold shall be so given if required. For years this has been the practice in England, with the result that London to-day is the great settling house of European exchange. The one overwhelming objection to the issue of inconvertible paper is, it practically means re-making contracts, and in the scramble that results to avoid individual loss, the disorders that follow are such as to prove a grave national disaster. Whether the standard be gold, silver, or bronze, or any combination of the three, the essential is that the nominal value should not be greater than the merchandise value. Paper to save wear and tear of bullion may effect a wise economy; but paper issued as money in commercial crises is simply a pledge of national credit when national credit is shaken. But so far as national credit is superior to individual credit, it might do something to lessen strained conditions for a time, although there would always be a day of reckoning to be faced when sound currency was restored. Once again the re-making of contracts would cause much injustice, and would mean much change of money from one pocket to another—usually from that of the humble and confiding to that of the rich and astute financier.

As a practical example, the suffering caused by the change

But we have seen that what is the limit to the work (free work for pay) to be done by the nation is the money to be given in return. And we have seen what money really is—the voucher for the actual products of labour. Hence the limit to the work to be done is the products of labour available to be given in return (*g*). Increase such products and you increase the money to pay for labour; you increase the work to be done. Lessen such products you lessen money, and as certainly diminish employment.

And how are we to increase such products? By industry, temperance, and frugality; that is, the more industrious we are, the more we shall find scope for the industry of other people. And the converse is true. The more industrious other people are, the more will they find scope for our industry. Industry acts and re-acts, and ever as man increases the products of his own labour he is promoting the employment (profitable employment) of other people.

in the value of the rupee, which as effectually re-made every contract as if they had been re-written, was very severe indeed. Of course some equally gained, but the suffering caused by unexpected loss and the pleasure caused by unexpected gain by no means balance.

(*g*) "This result has been similarly stated by all economists; but, in more technical language, employment varies with demand. But by demand is not meant merely desire—the want of things we have referred to. By demand is meant 'effectual' demand—that is, desire by those able to pay for what they demand. In other words, by those able to give something in return for what they desire." (See the question of demand fully discussed in *Fawcett's Manual of Political Economy*, 6th ed., p. 316.)



That is, assuming the products of his labour are of value. If not, he may as well be idle as far as promoting other people's labour is concerned. When the products of his labour might be of value, and are not, it is a double loss. The nation not only loses the actual products of his labour, but also those of other people whose employment they would increase.

And this is the curse of unproductive labour. Useless itself, it kills the industry of others in addition.

And if the nation does not benefit by the extra employment which would result were none idle, it is actually injured by waste, luxury, extravagance, and vice (*h*). Just so far as they consume the pro-

(*h*) A man spends £100 on a supper of larks' tongues. What would be the economic result of his getting a dinner of roast beef for a shilling instead? Those who worked collecting larks' tongues would lose such employment, but there would be the same £100 to provide them with wages for doing something else. If that something else were useful, their employer and the world would be that much the richer; but the work found would be the same. But if their employer wanted no such other utilities he would bank his £100. and it would again get into the hands of those who would produce utilities. If he were seized with a fit of benevolence and, instead of enjoying a supper by himself, provided 2,000 people with a dinner each for a shilling, the employment found would be the same, but 2,000 would enjoy its products instead of one. Thus, a man of great wealth is only able to spend it on himself if he indulges in the most outrageous forms of luxury. But he does not increase employment by such wild extravagance. The same amount of employment will be found if he spends it on something of permanent value, if he spends it and lets others enjoy the fruit of his spending, or if he banks it and leaves to others the using of his money. But in no case is the world or the

ducts of labour without producing, so exactly to that extent do they lessen employment (*i*). And just as war is the concentrated essence of all these evils, so after a war is a country bound to suffer from depression in industries and paralysis of enterprise.

To summarise our conclusion. It is not work we want, but the profit of our work. Work to be done is unlimited; not so the money with which to pay for it, not so the products of labour to be given in

worker the poorer because he uses his money wisely instead of wasting it. By saving it he increases the wealth of the country. But the greater the amount of wealth in the country the more anxious are its possessors to have it used as capital, the more anxious are they to find further employment in which it can be usefully used. But it may be that money pours into banks to lie dormant there. This may be the result if insecurity rules at home. Then banks ship it abroad to find employment in other countries. Under ordinary conditions great additions are made to railways in this country. Such additions are needed. Then money which would have found work building railways at home goes to building railways abroad. Man wants but little here below, but likes that little strong, is itself well parodied. Wealth wants but little here below (in the way of interest), but wants that little safe.

(*i*) "We must always, however, carefully distinguish what is only blameable, or the proper object of disapprobation, from what force may be employed either to punish or to prevent."—*Adam Smith, Theory of Moral Sentiment*, Part II. sect. 2, Chap. I.

The education of public opinion to regard those as infamous who use their wealth wrongly, seems the only resource we have for dealing with the rich unworthy. At present we do not seem to make much progress in this direction, as any particular act of particularly gross extravagance usually affords "copy" for a week. As long as we delight in reading about such extravagance, those with the means will always delight in the notoriety such extravagances bring.

exchange for it. Increase these—that is, increase one form of productive employment—and you thereby promote other forms. In other words, the products of one form of labour constitute the very fund with which to pay for other products of other labour. Increase the one and the other will grow, and all will benefit together. This is no digging a hole to fill it up again. This is no unproductive labour that is its own result and its own reward. This is a beneficial, profitable, productive labour—labour from which there are the happiest results, labour the source and cause of employment for other people (*k*). Possibly it may not take the form of our having larger nominal incomes. But this is

(*k*) “Productive labour is that which directly or indirectly produces utilities, fixed and embodied in material objects.”—*Fawcett*, p. 15. If more is produced than consumed—in other words, if there is saving—this will result in the creation of wealth. Wealth created has the further value that it facilitates the production of still more utilities. Such utilities may be produced for the purpose of being consumed or for the purpose of still further facilitating the production of more utilities. Such distinction was considered material when it was argued that the amount paid in wages was limited by the wage fund available to pay them. The simpler view seems to be that the amount paid in wages varies with demand, which itself varies with the wealth, capital or money available to make such demand “effectual.” Effectual demand is well said to denote “The demand which is exerted by those who are not merely desirous to possess some commodity, but who have also the requisite means to purchase it.”—*Fawcett*, p. 317. But where wealth is created its owners will want it profitably employed. Thus, the more the wealth, the more the savings of the people, the more it is used in the further production of utilities, *i.e.*, in the finding of employment. If wealth is put aside, say in the form of furniture or pictures, it is not used for the production of more utilities, and does not increase employment.

immaterial. It is the products of labour we desire in abundance, and our enjoyment of such is independent of their nominal value (*l*). Probably both will increase together—our income as a nation and the products which that income will buy. But in substance we desire the products of labour we receive to be increased, and this being so, it is immaterial whether they are represented by large or small money equivalents (*m*).

Again let us consider the matter for a moment from another standpoint, imagining money for the time being as non-existent.

Let us look at a community where all are busily engaged in manufacturing, and labouring at things in general demand. Surely the more each produces the more there will be to exchange. Surely with so much work to be done in this world of ours it must only be a matter of thought to so arrange our brain

Hence the use of the word “capital” by economists to denote that part of wealth which is not set aside but is used in the production of further utilities. In the production of such utilities such capital may be used up. The transaction will be profitable or otherwise, according as the new utilities produced are greater or less than the capital consumed. If greater, there is an addition to wealth to again promote employment according as it is used as capital or not; if less there is a loss of capital with a consequent diminution of employment.

(*l*) A bicycle is equally enjoyable whether it cost £15 or £7 if equally good. But the latter price means more may possess one.

(*m*) The only way to compare the prosperity of countries, especially at different epochs, is to compare the hours of labour, the food, the amusements, and the life of the people generally. The money changing hands may be entirely misleading.

workers, our teachers, our organisers, our manual labourers, that all may be busy, and busy for the good of themselves and of each other(*n*). In a family we all suffer by the laziness of a vicious member. Why in the family of the nation can laziness or unemployment be less disastrous to the whole? And one step further. Why in the family of the world can we benefit by the laziness of other nations? We do not. Their increased prosperity is our increased prosperity, and in their progress our advancement is assured. Also our destiny and the destiny of all nations is in our and their own hands. Our destiny is not in our possessions, our commerce, or our wealth, but in our race itself. Let the race improve in physical, mental and moral power, and its future is assured. Let it become decadent, and its sun is set. Wealth has never yet saved a nation, but it has destroyed many. Every argument, every conclusion dealing with any head of our subject always brings us to the same goal—the man who would undermine the independence of the individual is the enemy of his country. As regards outside foes we must also remember that what may be, and probably what will be, is not what is. In the meantime, therefore, we do well to keep our powder dry.

(*n*) We would not, of course, make a crusade against innocent recreation.

“No doubt waste of any kind is to be deplored, but we should not be too prone to regret that so much labour is devoted to provide the pleasures of life, for the happiness of a nation may in some degree be estimated by the time and labour which can be spared for enjoyment.”—*Fawcett*, p. 15.

## CHAPTER XIX.

## CONFLICTING INTERESTS.

As regards freedom of trade, increased productive-ness, and improved methods generally, it is not an unreasonable inquiry to make: Is the interest of the whole, as a whole, necessarily the interest of the various classes forming such whole?

May not the whole system of society be such as to accentuate differences, to make life and money-getting easier and easier for the rich and harder and harder for the poor? So far as this question goes to the root of society, we can only say we have never contended that individualism is a perfect system. All we have contended is that it has invaluable features, that it is probably better than any other system either tried or imagined, and, above all, that it is in existence; and as wise men it is better for us to try and make the best of it rather than run after every mad scheme of idealism that fertile brains produce. But apart from the wholesale subversion of society, we may well inquire how far the interests of all, irrespective of wealth or position, run along the same lines.

And what is it every class desires? Of course, special privileges. To these we do not refer. These are exactly what the rest of the community decline

to concede. Far from granting further special privileges, the tendency is to inquire into existing ones, with a view to their being abolished. In fact, so prevalent is this tendency that the danger is to consider only the privileges without paying much attention to the services for which they were granted. Land once given that it might be improved and drained and made productive, and find employment and contribute to the taxes of the country, we would now like to resume—or some would—without making any payment for it in return. However we may cherish our own little privileges—say the exclusive right of audience as lawyers—we detest those of other people. Against these we fight and protest. We desire that others shall be paid only for services rendered—not for services not rendered. We consider, and are entitled to consider, that every abuse is levelled against us personally and injures us personally and directly. One has a right to kick against abuses, and the merit of an Englishman is that he can kick hard.

Further, this right of kicking is to be encouraged. In fact, to whatever other causes civilisation may be attributed, progress is largely due to our trying to set other people's houses in order and other people trying to do the like good office for us. They do not like it, we do not like it, but it is beneficial and develops the race in a right direction. The only danger is lest, in our enthusiasm for virtue—other people's virtue—we run into the other extreme and do serious injustice; and it is well that, before a man attempts to be a reformer, he should first

acquire an elementary knowledge of what is just. But putting aside this craving for special privilege, what everyone desires is to give as little as possible of his own labour and receive in return as much as possible of that of other people. Thus, again, his interest is in direct conflict with that of everyone else, all of whom desire identically the same thing—to receive much and give little. In the end, each has to be content with getting the utmost he can consistent with the like right of other people to receive the same (*u*).

And there are two ways in which we can receive an increasing amount of the products of other people's labour in return for our own. We may get more by others being squeezed and sweated, and benefit by their suffering, or we may benefit by the increased productiveness of our fellow-man. When by machinery, organisation or the division of labour he can give more for the same labour, we immeasurably benefit, without prejudice to him or anyone else. So, if for the same labour we can give more, others will benefit and we shall not be injured.

Since, then, we all so enormously benefit by the increased productiveness of one another—since none of us have the slightest desire to receive less from others than we do now—the utmost we can wish is that, in the progress of the whole, we may have

(*u*) One of the supposed trading proclivities of the Dutch :

“The giving too little and asking too much.”

Not tariff reformers, evidently.



the special privilege of being the one particular industry not to progress, and so secure, as we think, the high prices due to short production. However natural the desire, the answer is equally conclusive. No industry can claim any special privilege—not even that of lagging behind.

And if we could lag behind we should not benefit. Nothing is truer than that cheap prices make large sales. Every reduction in cost opens up new markets and secures new customers to whom former high charges were prohibitive. It is true from motor-cars and bicycles to fancy stationery. It is as true of cheap fares as of a cheap post. Reduction in prices attracts new customers neither known nor thought of. It is true of necessities and true of luxuries. The purchases of those who always bought all they desired may possibly fall off, but they will be more than made up for by the new markets opened up. For example, boots. A maker may not take quite so much from his original customers—though this is doubtful, as with lessened cost their desires will increase—but he will take the same from those who spent all they could afford, only they will get better value, whilst from those who formerly had to go without, whatever he takes through reduced cost will be entire gain.

And if he should take less from his original customers, yet the less they pay for their boots the more they will have to spend on other products of labour. This, he may complain, will not exactly benefit him. Quite so. But as the same progress is going on everywhere, he may expect a similar

benefit from increased cheapness in other trades. As, then, no one suffers loss in his own business, and all benefit by its growing volume and the increasing productiveness of one another, the interest of each is the same as the interest of all—progress, efficiency and healthy growth (*b*).

But out of this healthy growth one very serious problem arises, namely, the displacement of labour by machinery and improved methods of production. No doubt the results of their first introduction are not a little sad. But it is not lessened employment, there is no diminution of employment—that, we see, depends on other causes—but simple displacement, and the cure is not to stop progress but to deal sensibly with those for the time being displaced.

Take one labour-saving device as an instance. A ship that, before its introduction, would require 100 men to unload it could after its introduction be easily discharged by 50. The wages of these 50 men displaced the shipowner saves. Part of the saving may go to pay for the hire of the machinery and the remainder is clear gain. But that remainder he does not throw into the sea. He uses it. That is, with it finds employment. If he employed the same men, say, to build him a shed,

(*b*) The rivalry really is between the respective trades themselves; and those trades which give best value attract most of the surplus cash available for luxuries. What lady, equally anxious for a new carpet or a new lavatory basin in her dressing room, but would instantly hasten to a shop for the first, whilst nothing would persuade her to have a plumber in her house unless absolutely necessary.

we could see that, owing to the new machinery, he would obtain from the same labour, not merely a ship unloaded but a shed in addition. To the extent of the shed he and the community would be the richer.

And on a large general scale this displacement of labour is going on throughout the industries of the world, but we must note that with it is always present the moderating influence that more demand for employment is created at the same time. Just as the shed is an extra product of labour in existence, which, if sold, would find the money to pay for other labour, so with every improved method increased employment is the result, as the money to pay for labour is not lessened, and if the temporarily displaced soon find employment, the employment is proportionately increased. Thus dealing with those displaced should not and probably does not cause serious difficulties. For a man it may mean temporary want of work, but all the economic forces are in his favour to prevent his being permanently injured. Naturally those first dispensed with are the more inefficient, but their case is not so serious as where they are dismissed through bad times and a shrinkage of business generally. So far as progress promotes employment and increases its volume, so far it is providing the remedy for the temporary evil with which it is also accompanied.

## CHAPTER XX.

## GOOD AND BAD TIMES DISCUSSED.

IF employment begets employment, we see one reason why good and bad times are so accentuated in their phases. Times are good. The manufacturer is busy. The importer is busy providing him with raw material. The shipowner is doing well with much to carry. The merchant prospers with much to distribute. The wage earner is well-to-do and makes "good money." And all have a surplus, so that those who minister to their amusements or luxuries equally enjoy the wave of prosperity.

We say wave of prosperity. The simile seems appropriate. For like the never-dying circles that a stone thrown in water originates, so the waves of prosperity spread in never-ending circles to the remotest verges of society.

In other words, in good times all are busy, all have large products of labour to give, receive and exchange.

And again the converse is true, times may be bad and the one may be the necessary sequence of the other. The very good times may have resulted in an over-production for the time being of commodities for which the demand has already begun to lessen (*a*).

(*a*) Fortunately this sequence of good and bad times is not

More houses may have been built, not more than the nation really wants—it wants half its towns rebuilt—but more than are adequate to supply the wants of those who have money to pay for them. More cotton goods may have been manufactured, not more than the world wants, but more than the world has available cash to give for in return. Then reduction of output is the order of the day. The manufacturer does less. He employs fewer hands. He and they have less to spend, and some classes of work dependent on them come to a standstill.

We need not repeat our chain of reasoning. The result is the same. Many through enforced idleness produce less, and the interchange of commodities for the time practically ceases. So far as this is the cause of bad times, it would seem its remedy should not be impossible. If good times depend on the interchange of commodities, why not foster an artificial exchange of commodities in bad times? Why not put a job here, give employment there? It sounds so simple. All want to be busy. All want to be exchanging the products of labour. Cannot the Legislature accomplish a trifle like this? Every amateur statesman thinks it can, though hitherto it has only proved its ability to kill employment. On the contrary, every interference

the same for all descriptions of trade. Thus, in the building trade, as other trades usually embark in fresh building after some time of prosperity, good times in building begin a little later than in other cases, and the bad times are equally deferred.

usually results in aggravation of the evil. As in all other matters, national trade is but the aggregate of individual transactions, and neither the man nor body of men exists who can carry the whole in his head so completely that he can interfere in one department of life without doing serious injury in twenty other directions neither thought of nor imagined (*b*).

No doubt the causes of good and bad times are involved in much complexity. A complete theory or explanation has never been satisfactorily propounded. Why in ordinary affairs of life there should be such differences has never been adequately explained. It may be, perhaps must be, that good and bad times are the resultant of innumerable forces which by coincidence act in the same direction, and which separately would be inadequate to produce a noticeable result. Hence, any one of them may be lost sight of and leave us in doubt as to why such results happen. We know definitely of certain causes which powerfully contribute to good times and the reverse, and perhaps we might obtain a more exact knowledge of the subject by

(*b*) "The coincidence of wisdom to conceive and power to carry into effect is one of the rarest phenomena in politics. This was peculiarly exemplified in Mr. Gladstone, as great in his performances as his conceptions. It was this phase in life particularly struck Goethe in his estimate of Napoleon: 'Napoleon was the man! Always enlightened. Always clear and decided, and endowed at every hour with sufficient energy to carry into effect whatever he considered advantageous and necessary.'"—*Conversations of Goethe* (Eckermann, Oxenford's translation, 1874), p. 304.

an analysis of the various forces in society which have a good or bad tendency in this matter. Thus, one cause which tends to good times is an exceptionally good harvest, which adds so many clear millions to our wealth and may make itself felt throughout our home trade. It saves so many solid millions being sent abroad to pay for the food, of which kindly nature has made us a generous gift instead. Its effects may not always be traceable in statistics. Some of its results may even indicate the reverse of prosperity. Our carrying trade may show some slight decrease, as we have grown at home what in other years we have had to import. So even our foreign trade may fall off. When home trade is brisk our manufacturers may have neither leisure nor inclination to seek foreign orders. Foreign orders are sought only when home orders fail to absorb the whole of the production. Thus it is our over-sea trade returns are by no means infallible *indicia* of our home prosperity.

A war also may for a while be accompanied by the outward appearances of good times. An enormous artificial demand is created which has to be supplied immediately, and in the most wasteful and extravagant fashion. But the reaction is inevitable. The demands of war are for supplies soon to be destroyed, and to that extent money, *i.e.*, the products of labour which would in the ordinary routine of life have been accumulated to foster employment, is for ever lost to the nation and mankind.

Those that have in the end to find the money for

such war stores have that much less to spend in their usual direction. The man who spends five pounds to appropriately celebrate the fifth of November finds he cannot also spend the same five pounds to buy a watch, say, for the son who so enjoyed the smoke and fire of the substituted entertainment. So the nation that spends a few hundred millions on even a successful war must for years feel the loss, not only of valuable lives, valuable as producers, valuable as the pick of the nation's manhood, but of much absolute property as well; and the evil resulting from the loss is cumulative and accentuated. First, as an extra good harvest increases employment, so the destruction of property diminishes it. From the former the farmer directly and immediately benefits. With his extra profit he purchases, say, more agricultural implements. This at once finds employment for others, and the machine maker, to follow our instance a further stage, does more work, has more income and again spends it, say, in enlarging his premises. Again another healthy example of increasing employment. And so the builder and the workmen do well, and it is difficult to say where the benefit ends; all find additional employment, and above all for good pay. The gift of Nature of some twenty million pounds in the form of an extra good harvest may, before the year closes, have passed through three or four hands, in each case finding additional employment for satisfactory remuneration.

And so the feverish and unhealthy outburst of



employment ends with the war itself, reaction sets in, and then the loss of the two or three hundred millions of property destroyed begins to tell its tale. If a twenty million extra harvest is sufficient to cause a wave of prosperity, the deplorable results of a loss of ten or fifteen times that amount can well be realised.

In every home the taxpayer, mulcted of some of his income, has to curtail his expenditure.

The money originally spent on munitions of war found work, but those munitions made to be destroyed are no longer available to find further employment. And the taxpayer's money, going to pay for them, is no longer available to find employment. In their former ordinary channels the money so taken from the taxpayer would have been spent in finding profitable employment for other people, to again find profitable employment for others, to again find profitable employment for others in a never-ending series. The money thus saved would have gone to promote a series of exchanges of services and commodities which would have resulted in the healthy employment of a nation.

Instead, it went to promote services which at once ended in smoke. By the artificial activity during actual war some benefit, but another unfortunate incident of war is, that the section of the community that benefits by the inflation it causes is by no means the same as those who subsequently suffer from the resulting depression.

So, in a lesser degree, the money spent on our defences in a time of peace equally kills employ-

ment. It may be absolutely essential—the premium paid for national insurance—but none the less it is loss as a whole. At present the money is spent in maintaining a certain class of the nation in a state of efficiency for our protection, but who otherwise are only consumers and not producers. But if the taxpayer were relieved of the burden of keeping them, he would have the same money with which to purchase other goods of more permanent utility. He might prefer a better house, better furniture, better clothes, more artistic decorations or pictures, or a new bicycle, or a superior education for his children. Instead of his money going to keep his fellow-man walking about shouldering a rifle, his same money might go to keeping the same man producing something he wanted and something he would buy if only he had the money to pay for it (*c*). His money, whether spent in taxes or on articles of utility, no doubt equally finds work, as the saying is; but we must go a step further, and ask: What products of labour result from that same work?

If there are none the money is lost, so far as creating further employment is concerned; on the other hand, if objects of value are produced, these add to the sum of the nation's wealth, and to the fund to promote further profitable employment.

(*c*) A merchant's quota of taxation is enough, say, to maintain one soldier in the effective ranks. Suppose instead he spent the money in employing a joiner to build him a greenhouse. In each case he would equally have found labour, but in the one case there would be nothing to show for his money; in the other, the world and he would be richer by a greenhouse.

So loss of employment usually follows whenever the ordinary affairs of life are disturbed or interfered with by some extraneous force. Left to themselves, different interests ultimately tend to balance, and as years pass by supply and demand establish equilibrium between the different wants and resources of the community. We speak of our national business in hundreds of millions; but, none the less, we must never forget that it is the aggregate of units, and that each of those units has been the subject of much individual thought and discussion. Therefore, for any outside power to enter in and vary the terms of contract (*d*) so made, even if a well-meaning Legislature, is simply courting disaster, and rushing headlong on to the destruction of that confidence which is the first essential of successful trade. As a cause productive of bad times, nothing is more fatal than wanton interference with the affairs of everyday life. The greatest benefit a community can secure

(*d*) The general disastrous results of such changes is eloquently described by Mr. F. A. Walker in his "Political Economy":—

"It is true that, in one sense, what one merchant in an individual case loses, some other merchant or some banker or some speculator may gain; but it is not true that unearned gains encourage industry to the extent to which undeserved losses discourage it. On the contrary, not only does the good done almost always fall far short of compensating for the evil wrought, but it often happens that, as mercy between man and man blesses both him that gives and him that takes, so the sums of wealth transformed by speculation or accident not only leave the loser grieved and crippled, but curse and blight him whom they seemingly enrich."—*Walker's Political Economy*, p. 468.

itself is a certainty of law, obedience to law, and the knowledge that the law is not to be lightly changed. Even bad laws well ascertained do less harm than good laws when one never knows for how long they are to be in force. A strong nation readily adapts itself to bad laws, or rather administers them to get the utmost good out of them, but is always seriously incommoded by laws in a continual state of change.

Still more accentuated are the evils which result from attacks on property, notwithstanding that such attacks usually defeat their own end, and proposals intended to operate for the benefit of the worker result in doing him injury and in necessitating his paying more, instead of less, for the use of the money he requires. The loss of confidence is an irreparable evil (*e*), and irresponsible and

(*e*) "Would not the nation be the poorer if a sponge were passed over the National Debt? . . . Would not there be so much property destroyed? Not an atom more than would be produced at the same instant. Would not the nation be less wealthy? No, not at least at the instant of change. Would it be less happy? Yes, wretched in the extreme. Soon after, would it be less wealthy? Yes, to a frightful degree, by reason of the shock given to security in respect to property, and the confusion that would ensue. Thirty millions a year that used to be received by annuitants, no longer received; thirty millions a year that used to be paid in taxes by all classes and all individuals together for the payment of those annuitants, no longer paid. National wealth would no more be diminished by the sponge than it is when a handkerchief is transferred from the pocket of a passenger to the pocket of a thief. Sum for sum, however, the enjoyment produced by gain is not equal to the suffering produced by loss. In this difference, traced through all its consequences,

unnecessary interference with property is little short of criminal because of the misery it causes. Nor is it the less culpable that it is the outcome of the best intentions(*f*). Good intentions may possibly excuse a man who has done his utmost to master all that is known on a subject, but the ignorant fanatic, content to remain ignorant and fanatic, is one of God's scourges on earth(*g*).

But it may be that new necessities demand new sources of income. In finding such sources is the highest genius of the financier shown. The fundamental law of all taxation is, that the loss occasioned to the individual should never exceed the benefit received by the State. Any taxation which infracts this law is bad in principle and serious in practice. This danger is to be particularly feared when any new taxation is proposed on property in

lies the mischief, and sole mischief, of bankruptcy or theft."—*Bentham's Works*, Vol. III. p. 81.

(*f*) "If property should be overturned with the direct intention of establishing an equality of possession, the evil would be irreparable. No more security, no more industry, no more abundance. Society would return to the savage state whence it emerged."—*Bentham's Theory of Legislation*, p. 120.

"Thus we may conclude that *security*, while preserving its place as the supreme principle, leads indirectly to *equality*; while equality, if taken as the basis of the social arrangement, will destroy both itself and security at the same time."—*Bentham's Theory of Legislation*, p. 123.

(*g*) The more frequent the trumpeter of any fallacy is in its performance, the greater the progress which his mind is apt to make from the state of evil consciousness to the state of sincerity—from the state of improbity to the state of imbecility; that is, imbecility with respect to the subject matter."—*Bentham*, Vol. II. p. 483.

any particular form (*h*). Then there is the serious risk that its owner may not only find himself liable to an annual charge which he can meet, but to an immediate fall in capital value which he cannot. Let us make our meaning clear by an example.

Suppose the proposal to be to levy a tax of one shilling on every pound received as interest from Consols, then every holder of £100 (nominal) worth of stock would receive some 2*s.* 9*d.* less on interest than at present. Not a serious matter, is one's first impression. But that would not be the limit of his loss. If Consols were alone singled out for this special tax, immediately there would be a fall in the capital value of the stock of some thirty times the amount of the deducted interest; that is, his loss would be, not merely the annual charge of 2*s.* 9*d.* to be paid from time to time, but an immediate capital loss of what 2*s.* 9*d.* per annum would sell for on the market. As 1*s.* is one-twentieth of the income, so the capital loss would straightway be one-twentieth of the capital value of the stock. Thus, if Consols were at 84, the immediate fall

(*h*) At the moment there is a talk of putting a tax of  $\frac{1}{2}$ *d.* on the capital value of unused land. Though indefensible as an attack on property, it may be justified as the equivalent of a 1*s.* income tax on income. There is no reason unused land should escape income tax any more than any other form of property. So where for years property increases in value, as with reversions, and no income tax has been paid on the annual accretions, a lump sum may well be demanded as its equivalent when leases finally fall in or fines are paid for their renewal. Municipalities now have to credit such fines as income in their accounts and on it pay income tax, and so also ought the private owner.

would be £4:4s., and the value of his £100 (nominal) worth of stock would at once fall to under £80. Nor would this be the limit of his loss. In every case where the owner has borrowed on his stock, the lender will want further margin to make himself secure. If the lender has previously lent £76 on every £100 (nominal) worth of stock, he will, on its fall in value, be disinclined to lend more than £72, and will want his security reduced accordingly. But when a stock has fallen in value, is the very last time the borrower is in funds to find money to reduce his loan. The consequence is the lender will have to realise his security, with the result it will fall still further through so much stock being thrown on the market.

Thus, the result to the owner of £100 (nominal) worth of stock, who had in it possibly some £8 of margin, would be not merely a loss of one-twentieth of his £8, but possibly the total loss of the whole amount. So great a disaster from so small an originating cause ! But his loss on Consols, where there is always a market at close prices, would be small compared with his loss as owner of other property when purchasers are few and values difficult to ascertain, and when with margin two or three times as great he would find it equally swallowed up. Nor, again, is this the limit of the loss. As a rule, the borrower is the merchant, the trader, the business man, the worker generally ; the man who uses his capital in his ventures, who organises and promotes industry according to the amount of capital he has available, and who controls employment generally.

To him the shrinkage of margin is a serious matter indeed, and through him to all dependent on him for work. The loss of margin is the loss of capital, with the consequent killing of business and enterprise. Thus, with a fall in value, his property passes into the hands of lenders content to sit still and merely get back the money they have lent, with the consequence times are bad and employment scarce (*i*).

When this is the result of ill-advised attacks on property it is indeed to be deplored, as there are sufficient forces to cause bad trade without our inventing new ones on our own account (*k*).

And equally this example shows how good times operate to produce good times. With falling values, whatever the cause, margins grow less; the capital of the business man, of the worker, diminishes, and

(*i*) "Quite as prejudicial to expanding production is the continuous apprehension of hostile or meddlesome legislation. When the whole body of business men are sore from disasters; when much of the industrial and commercial structure still lies in ruins, it takes but little to check the disposition again to adventure capital. That little is abundantly supplied by popular apprehension of legislation unfavourably affecting money and credit. It need not be a great thing under a man's arms which will so increase his margin of buoyancy as to enable him to float for hours. It is a very small thing around a man's neck which will so diminish his margin of buoyancy—narrow at the best—as to drag him to the bottom."—*Walker's Political Economy*, p. 186.

To attack any form of property, even "land," is simply to invite owners to invest abroad instead of at home—a policy fatal to the worker.

(*k*) "Multis minatur, qui uni facit injuriam—He that injures one threatens many."—*Bacon's Essays*, 192 (Bohn's Library).



his enterprise is checked. But, on the other hand, with busy times values rise; margins increase to still further increase as values still further rise, and the man who uses capital finds himself in good credit and able to command and use still more capital, to find new outlets for enterprise, and to promote employment generally.

Nor is there need for the lenders, the owners of capital, not in a position to use it themselves, to send it abroad for its profitable investment. With times good in one's own country there is usually little desire to incur the additional risk attendant on having one's property in a far-off country. We have seen how valuable property is to the worker. We have seen that the cost of labour, assisted and unassisted by capital, is something like the difference between 8*d.* and 28*d.* per unit developed; and hence the man who either drives capital out of his own country or makes his own country undesirable for others to invest their savings in, inflicts on his country the greatest possible injury. In every way it benefits the worker for capital to increase in the country. As we have before observed, capital or property only makes a return to its possessor when used. Hence the more abundant it is the greater the competition amongst its owners for it to be used by the worker, and the greater the competition the less the charge they can make for its loan.

Not the least merit of individualism, carried to its logical conclusion, is that the very recognition of the rights of property reduces its return-giving

power (*l*) to the very *minimum* figure. This in itself is an advantage not to be ignored by all who have to make their living by the labour they have to sell.

(*l*) Had there been no war and no agitation, it is probable that to-day in England the worker in good credit could have got all the money he wanted for  $2\frac{1}{2}$  per cent. or even less. Not an unreasonable rate to pay for the use of the savings of the past.

## CHAPTER XXI.

### CHANGING THE CHANNELS OF EMPLOYMENT.

To increase remunerative employment we have seen that we must increase the money—that is the product of labour—with which to pay for it. This at once shows that it does not in any way increase employment to merely change its channels. If money which is spent in finding employment in one direction is taken away from the owner and spent on other employment the volume of work is not increased, for what is fostered in one direction is killed in the other.

A pound in money will pay for a pound's worth of work, however and by whoever expended.

If spent in the ordinary channels of daily life, the value of the work done in one direction will equate what is done in another.

The labour given in making a watch, tilling a field, making an engine, cutting out a dress, referred to this common money standard of commanding a price of a pound, may all be taken as of equal value.

A pound has been spent, work has been given for it.

But the class of work bought may be very different. The man who spends a hundred pounds that he may sup on a dish of larks' tongues finds

work represented by the £100, but the dish eaten, and there is nothing to show for the labour consumed in producing it. So the nation which spends millions on drink may find work, no doubt, but for such work there is nothing to show. On the other hand, a pound spent on a watch, say, finds both watch and pound in existence. The watchmaker who gives the pound to a joiner for a table is instrumental in this pound, watch and table being all additions to the nation's wealth. If the watch is given to a tailor for a coat, the coat again is added to the general stock, and thus we see how a pound spent on productive labour increases the wealth of the country. But, of course, such example is only theoretically possible. Most of our income must be spent on replacing wear and tear and in feeding our population.

But what we want to note is that with every pound we spend we equally find work, and in life the pleasure is finding, not doing the work. Give any of us the income and we all are delighted to find the work, in fact the great merit of money in our eyes is that it enables us to find work for other people, work of which we enjoy the fruits.

Therefore, if the Government takes a pound from me to find employment for certain people, it does not mean it increases the volume of employment, it only means that the Government will find the work instead of myself. Whether it is an advantage to the community at large to so find work is more than doubtful. The work found by the individual is done in the ordinary channels, and is of full

value. It supplies ascertained wants, and for the pound paid a fair equivalent is given. Work done for the community is usually wasteful and generally unsatisfactory.

Thus, if it is a case of reclaiming land, done through the ordinary channels of employment, the contractor would probably reclaim three acres where the Government worker would fail to reclaim one. By such works of reclaiming no extra employment has been found. All that has been done is that the money has been spent in different channels with very different and unfortunate results. That those not in the trade may have a job, those in the trade have lost one, and with the further loss to the community that instead of the three acres of reclaimed land which it could have got, by trying to find employment, which it does not, it has only got one. In other words, there are two acres less of reclaimed land with which to pay for other work. That is, instead of increasing employment they have killed it to the extent represented by those two acres. And this is obvious. For were the two acres reclaimed they could sell them for cash, and with that cash could pay others for their work (*a*).

(*a*) Works of afforestation, good as it may be, if it is only going to be done with the taxpayers' money, will simply find employment in one direction to lessen it in others. So as regards taking land for the same purpose. The difficulty to be faced is that labour applied to land on a restricted scale yields but a poor return, as there is so little chance of utilising machinery. It must never be forgotten that nothing but a most complicated system of industry could enable forty millions to live in these small islands, and it is only by the

And how far are these conclusions affected by the fact that there are some who do not spend all their income and who would spend just the same whether their taxes were high or low? This inquiry is not of great importance to most of us, who for every pound we have to spend in taxes have a pound less to spend in other ways which we should like much better. Leave us the money and we are quite willing to find the employment. Some rich men cry also: "Leave us the money and we will find the employment, or take it away and we cannot do so." But if they pay more and thereby I pay less, to the extent they fail to find employment, to that extent I will find more. The question is not one of finding work at all. The question is one of justice; what we ought respectively to contribute to the necessities of the nation. If the rich man ought to pay, his paying will not alter the employment found. Its quantum will remain unchanged, only the many will have the pleasure of finding it instead of the one.

But this is not exactly the inquiry we are prosecuting. Will it find employment to take money from those who do not spend all their income to use it in paying for work?

But, theoretically, does the case exist of the man who does not spend all his income? It seems not.

If a man with a thousand a year only spends £800

general use of machinery that such abundance results from labour as a whole. To try to return to individual labour in individual fields is to try to return to a primeval form of society just emerging from barbarism.

on his current expenses, in popular parlance we speak of his saving the remaining £200. But in fact does he so save it? To-day not one in a thousand saves it. He does not keep it in his office, or his safe, or his stocking (*b*). He invests it; and if he invests it, he spends it to buy a right. Even if he leave it at his banker's he as completely parts with it, and once again spends it to buy a right to call for it in the future. The moment it is in the banker's hands it is his no longer. An entry in a pass book is all that he has obtained. Thus his surplus £200, with which he himself does not find employment, he has parted with to the business man who does (*c*). But if the Government take £100 in taxes to find work, then he will only have £100 to give his bankers for them to use in finding employment. Practically the rule is universal, and without exception; you cannot increase work by

(*b*) The French peasants were great hoarders. Hence the ease with which they paid the German indemnity. Our masses unfortunately do not hoard, and notwithstanding our vast wealth, our having to find a similar amount would probably so smash capital value that we should be ruined. Better pay the extra insurance necessitated by a few additional Dreadnoughts. The "mercantile system" is much condemned by old economists. But it dates from a time when wars were more frequent than now, and when actual gold in a country had a fictitious value quite disproportionate to its commercial value. Crises might easily arise when gold alone would have any real exchangeable value.

(*c*) If times are bad, such banks may buy foreign investments and find the work in other countries, which is not very satisfactory to those wanting work at home; but to-day the balance is all the other way, and we receive an enormous income from abroad which is spent in finding work at home.

changing the channel of its employment, and so far as you take money to pay for work in one direction you are lessening the money to pay for work in others.

Whether owners spend their money as they ought to do is another matter. Whether money spent in riot, luxury, wantonness and extravagance might not be better spent in other directions is not our question. Our question is: Do we increase employment by raising taxes to pay for artificial works? And to this the answer is, we do not (*d*).

(*d*) Money taken in taxes to provide old-age pensions neither increases nor lessens employment. It simply means that instead of the taxpayer finding the work, the aged have the pleasure of doing so instead. As an economic measure it is absolutely sound. Quite different to finding work. The morality of the transaction or its expedience is another matter.



## CHAPTER XXII.

### STATE AS ORGANISER OF LABOUR.

IF the community cannot with advantage find work or change its channels, can it not, at least, organise labour and so to this extent increase employment? Thus, where there is a great demand for workers in one part of the country, and a large number of the same class of workers unemployed in other parts of the country, will not the community do well for itself as well as for the parties by bringing the two together? But here it is doubtful if the community would do as well as individual effort; and the man persistently seeking for a job himself, and a master as energetically trying to find hands, will probably sooner come together without rather than with the help of officialism. Still bureaux of information would cost but little, though it is probable much of the work that would be assigned to them is already done unostentatiously by other bodies already in existence. One of the great difficulties is that as a rule the various trades throughout the country are usually busy or slack as a whole. Therefore, if they are busy, a master who wants extra men to help him finds that his position is that of most other masters in his line throughout the kingdom. Hence in his particular branch when he is busy it is only in very exceptional cases that

there are a number of his class of workers unemployed at the same time. There may be a large number of unemployed of other trades, but these do not know his work and are useless to him. So, if he is slack, as a rule his brother masters in the same trade are equally slack and a large number of their hands may easily be out of a job. But for the same reason those out of a job in his trade are in little demand with masters in other branches of industry, even if they be pressed for want of workers. It is not much use to a bootmaker wanting extra hands for repairs that business is slack in the joinery trade. So, further, there is always the difficulty that masters when exceptionally busy prefer to pay extra for overtime rather than import new hands. The responsibility thrown on masters for accidents to their men has tended to increase their objection to bringing in new hands for short periods owing to the increased liability thereby incurred. Another difficulty in finding such unemployed work is the cast-iron rule in some trades preventing less than a fixed wage being given or received. This acts oppressively on the aged, the injured, and the second-rate generally, but the effect and necessity for this we have discussed in our former book, and only mention it here as occasioning another difficulty in bringing together those who want work and those who want workers. So a similar difficulty has to be faced when we would find employment by excluding articles of foreign manufacture. The serious practical trouble is that it by no means follows that

those at the time unemployed would be the ones able to make the articles we would exclude. The theory is, no doubt, absolutely correct that if we could make instead of buying such goods, we should save the money or goods we now have to send out of the country in return. But in practice there is little reason to think that those unemployed could so make the goods we thus receive. So a further practical difficulty might be very real, though theoretically it should not exist, namely, that those people actually employed in making the goods sent in payment for the goods received might find their goods thrown on their hands, so that the only result of this policy of exclusion would be to find work for one set of people, to throw out of employment others who were previously engaged.

So, no doubt, the whole volume of employment in the country would be lessened. The practice of exchanging what we make with facility for what we make with difficulty adds to the wealth of all nations. We want food. The Argentines want engines, say. We mutually exchange, with the result that we get more food and they get more engines for the same expenditure of labour than if we had both determined to be independent of the other—we to grow our food, they to make their engines. We admit the question is not quite so simple as this in all its ramifications, but by exchange we each make our labour more productive, and we increase the nation's products of labour—that is, we increase the nation's money, by which it can pay for profitable employment. It is possible

the benefit might not take the form of increased earnings, but that of cheaper goods. The very evil of restraining trade is that it excludes cheap goods. The dear the individual himself rejects. Excluding goods is a policy of restriction, of interference with others' liberty. As a policy it means, not that I will not buy, but that you shall not buy, cheap goods. If I want to buy dear goods, who is to deny me? But cheap goods mean receiving much and giving little, so that this very exclusion of cheap goods means lessening the surplus between what we receive and what we give, means lessening the fund by which employment is increased (*a*).

Further, connected with all restriction on trade the secondary evils are very real. The waste on additional officialism. The delay and red tape involved, to say nothing of the lobbying and jobbery

(*a*) "Attempts have been made to reduce by law the price of merchandise, and particularly the interest of money. It is true that high prices are an evil only in comparison with some good of which they prevent the enjoyment; but such an evil as they are, there is reason for seeking to diminish it. To effect that purpose a multitude of restrictive laws have been devised, a fixed tariff of prices, a legal rate of interest. And what has been the consequence? These regulations have always been eluded, punishments have been multiplied, and the evil, instead of being diminished, has become greater. The only efficacious means is an indirect one, which few governments have had the wisdom to employ. To grant all merchants and capitalists a free right of competition, to intrust to them the business of making war upon each other, of underbidding each other, and of attracting purchasers by the offer of more advantageous terms. Free competition amounts to the same thing as the grant of a reward to him who furnishes merchandise of the best kind at the lowest price."—*Bentham*.

that inevitably result. So the facilities it gives to trusts, syndicates, and other undesirable combinations, to further rob the public are very serious matters. Perhaps the most serious objection of all is, it increases instead of lessens the interference of the State in the everyday affairs of the nation. On the other hand, the policy of the open door is a great preserver of peace, and in our own particular case ensures to us the "second vote of the world" whenever the possession of colonies or dependencies comes into the realms of practical politics.

These secondary reasons are very serious indeed and are probably more vital than the primary ones usually advanced in favour of free trade (*b*). So long as vast sums have to be raised by way of taxation for revenue purposes, a large number of

(*b*) Even the advantage of cheap food may be pressed to undue lengths. Thus, "in describing the advantage which cheap food confers upon the employer and the employed we have been careful to denote that the benefit enjoyed by the labourers may only be a temporary one. It has already been stated that a considerable portion of our population is in so low a condition, both socially and morally, that even a slight addition to their means of livelihood immediately causes an increase in the number of marriages. In a few years there is, consequently, an increase in the supply of labour which will probably more than absorb the advantage the labourers might have derived either from the cheapening of food or from any other circumstance calculated to improve their material condition. This affords an explanation of the comparatively small effect which free trade has produced upon the condition of our worst-paid labourers. It was supposed that when the Corn Laws were repealed pauperism would become almost extinct. The country has enjoyed free trade for more than thirty years and pauperism still assumes most serious proportions."—*Fawcett*, p. 177.

such primary reasons cease to have importance for either side. All taxes spent on unproductive labour equally lessen employment, whether they are collected *viâ* commodities or *viâ* income. Thus, as regards our foreign trade, many of the arguments reduce themselves to a matter of bookkeeping. If a uniform tax of, say, five per cent. were imposed on every article (*c*) imported into the country, so as to avoid those secondary evils to which we have referred, it is difficult to see that the twenty or thirty millions so raised would more kill employment than the same twenty or thirty millions collected from other sources (*d*). For a time it might mean their being paid through different channels, but providing there were no continued alteration of the tariff, such payments would ultimately adjust themselves. What has to be remembered is, every national expenditure of money, whether wise or extravagant, lessens the people's

(*c*) Even including raw material, such as cotton. Five per cent. on raw cotton would only mean a very trifling percentage on the manufactured article.

(*d*) The argument that the foreigner, *i.e.*, the producer, would pay the tax is only true to a very limited extent. On a new duty being for the first time imposed a restriction of demand at once results. But the supply having already been provided for on the basis of past transactions, the producer finds himself faced with an overstock of the articles in question. These he must dispose of, and he must reduce his price until the demand once again equals the supply. Thus at first he probably has to reduce his price by exactly the amount of duty freshly imposed. But such conditions will not prevail for any continued length of time, and ultimately the production will fall off until the producer can secure his normal price and his normal profit.

buying powers, and to that extent lessens employment. But what business requires for its profitable expansion is for contracts to be respected and individuals largely left to take care of themselves. But is it not possible for something in the way of organisation to be done for casual labour, *i.e.*, for labour engaged by the day and not by the week? This class of labour is mostly peculiar to our shipping industry, where, from the nature of the work to be done, it is more or less intermittent in character. The bulk of work, as a whole, is enormous; and it would at first sight be thought that it could be averaged out over regular weekly jobs. Apparently it cannot. In the first place, the dock charges and the interest of capital involved are so serious that directly a steamer is berthed she has to be unloaded and again loaded as fast as hands can do it. The work has to be done at high pressure till ended, and then the men are slack again till the next ship has to be dealt with.

It is not possibly the most desirable way of working, bursts of energy and spells of idleness; but such conditions point to the essential factor, *viz.*, that the men must learn to think for themselves, and as they cannot average out their hours per week, they must average out their wages.

And many do. Whatever the system, there is always the sober, reliable man who will have first call on any job that is going. Then there is the next class, which can generally get a job, and a third, which is taken on when there is a press of business. Then there is a fourth class, those out of

work, usually more or less unfit, who try to get taken on as casual labourers at the dock when they are not wanted. No doubt abundance of labour at a given moment is desirable from a shipowner's point of view, but such abundance often proves to be more imaginary than real at the very times it is most wanted.

We English are not utter fools in the way we manage our business, not even our shipping business. We may take it a great many of the evils from which it suffers are evils inherent in the industry itself, and it probably seems worse than it is because it attracts the unemployed of all classes, and so suggests worse conditions than really exist. To nationally organise the shipping trade to get rid of such disturbing factors certainly sounds well, but how about those excluded? Have they no claims? If a shipowner wants their work and they want his pay, why are they to be organised out of their just rights to sell their labour to any willing to buy? The suggestion only once more proves that no special privilege can be given to one body of men except at the expense of others even worse favoured.



## CHAPTER XXIII.

### STATE AS FINDER OF WORK.

WHILST changing the channels of employment may be a failure so far as increasing work is concerned, still may it not be theoretically possible for a community to yet find work and serve its own interests at the same time? Theoretically it may be possible. We start with the premises that any man able and willing to work is a loss to the community if left unemployed, and a still greater loss if he becomes unemployable. But if the community seeks its own advantage only, it will face these possibilities rather than face the certain evils that have always accompanied the finding employment by the State. First there is the great moral evil that results. If under any circumstances the State undertakes to find work, it at once lessens the energy of the individual in trying to find it for himself. It encourages discontent with existing conditions, and with alternative work found for him the worker, instead of doing his utmost in any situation and trying to make the best of it, is encouraged to be foolish and disloyal.

In every respect a State makes a bad employer. The keen personal interest is wanting that makes so much for success, and the temptation for officials to take secret profits is almost overwhelming. Then the leakage is very great and is good for no one,

and the slack habits cultivated are equally bad for all. These, with inefficiency, are the usual concomitants of State enterprise, and undermine the very character of the race. Our ideal is that whatever we do, we should do it with our might. Therefore the evils attending want of employment may be easily exceeded by the evils of finding work.

No doubt there are certain things which must be done by the State as a State. The administration of justice, the security of our country, our relations with other lands, our postal, civil, and diplomatic services are all matters which must be dealt with by the nation in its collective capacity, but individualism is seen at its best when the State interferes as little as possible either in the life or business of the people, and limits its functions to enforcing the law (*a*). But who shall check the community which itself indulges in undesirable practices (*b*)?

(*a*) As regards all who only trade to entrap, no words are too strong. Nothing more demands being put down with a strong hand than the palming off of inferior articles instead of genuine ones. Why should the man most ingenious in telling untruths make the most money? The law of trade should be, sell what you like but tell no lies. Why should honest traders suffer because their conscience will not permit them to stoop to the artifices of their competitors? If a man makes a better article let him be paid for it, but not because he is more of an adept in giving a glowing description of a bad one. Why should unscrupulous cotton manufacturers trade on the good name of England and

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(*b*) To overcrowd trams was a punishable offence when they were run by individuals. Run by corporations it is a commendable practice.

These considerations lead us to feel that the moral advantage secured by preventing the unemployed drifting into unemployable will be more than counterbalanced by the undoubted evils which will result from such proposed remedies (*c*).

make a special profit? Why should they put china clay in their calico when honest men will not? Why should they ruin our foreign markets for their private gain? Why should honest men have to compete against roguery, and either cease to be honest or be ruined?

In the matter of both insolvency and quality we might learn much from the Florentine customs. Florence of the thirteenth century was a miniature England of the nineteenth. Our most up-to-date speculation in stocks, "contango deals," was legislated against in their statutes.

With them, honesty in trading and excellence in the manufacture of their cloth were national matters. Traders who sold inferior cloth were heavily fined. Not a yard left their country until it had passed the public official. Rightly they asked, why should one ruin the foreign trade and good name of all to steal an unfair advantage and profit for himself alone? The result was, Florentine cloth was the synonym for excellence all the world over, and her citizens still found their prosperity in their integrity when their liberties were levelled in the dust.

(*c*) "It therefore appears that if a great number of labourers were thrown out of work by some sudden and unavoidable cause a Government may be justified, as a temporary expedient, in finding work for the unemployed. . . . The most disastrous consequences, however, would ensue if the Government continued to give employment to all applicants, for population has an indefinite power to increase, and therefore no limit could be assigned to the numbers which the Government would be compelled to employ, . . . and there can be no doubt that in the present state of society an increase in population would be so powerfully stimulated that the number of those seeking employment would be constantly augmented; at last the resources of the nation would be strained to the utmost to provide the wages which the Government would be called upon to pay. This is no

Then as regards the material gain. A man able to work and unemployed is a loss to the community. True; but hitherto all measures taken to find him employment artificially have resulted in greater loss. As a matter of pounds, shillings and pence, the community will be ill-advised to think of finding employment for any profit it may get out of it. The first loss will be the least loss.

As regards finding work, there can be only one conclusion when viewed from the point of view of the community—it is undesirable.

If, then, the community cannot increase employment by changing its channels, nor by organising, nor by finding work, if its powers for working ill are very great and its opportunities for doing good very rare, what can it do to promote its own prosperity as an individualistic state?

First, let it secure as far as possible those things which we are agreed are desirable, and the chiefest of which is liberty. Let it hold an even hand between all, and see fair play by and to all. Let it discharge its sacred duty as trustee for children, to see their liberties are not infringed, and compel all to discharge those duties to them they have voluntarily incurred. Next, let it make wise laws to determine what is just payment for services rendered, and see they are made equally effective in ending overpay as in increasing under-

imaginary supposition, for statistics have demonstrated that many among the lower classes of society married with utter recklessness.”—*Fawcett*, p. 228. And a glorious nation of the unfit we should have cultivated at the same time.

pay. Lastly, let it rigorously enforce the law, and not allow the strong to oppress the weak, the knave to cajole the fool, nor the cunning to take in the innocent. Whatever is done under the flag let the flag support, and let it make secure a man's life, limb and property, and as much scorn a lie for public as for private gain.

To-day in many an Oriental bazaar "Kalimat Inglizi" ("on the word of an Englishman") has passed into an oath. Let it be ever our proud boast, both as a nation and as individuals, that our word is our bond, that we are as he who sweareth to his hurt and changeth not.

On this are empires built, and by it are the foundations thereof made sure.

**PART III.****Our Underpaid and Unemployed.****CHAPTER XXIV.****GENERAL CONSIDERATIONS.**

IN discussing the case of our poor and unfortunate, we must distinguish between our underpaid and unemployed. As a matter of theory their position is radically different. In practice the classes intermingle, and not the least reason why some are underpaid is because others are unemployed. Therefore, before inquiring with more particularity into the rights of either, we will briefly inquire into those general conditions which so largely affect both.

Here let us enumerate those causes which, in the course of the preceding pages, we have found to have such a maleficent influence on the fortunes of our poorest.

First and foremost is Nature's universal law that more progeny are born than she ever intends to exist. As a corollary to this, we have seen that the tendency of all unrestrained propagation of any species is to increase right up to what the barest

subsistence will just keep alive. Thus, with our poorest we find that any improvement in their condition, any increase in wages, any cheapening of food, always takes the one invariable form—increase of numbers (*a*).

Probably this law dominates and is the origin of all the succeeding forces which work so oppressively on our poorest. Out of it springs a fight for existence, in which the weakest are trampled under foot.

In modern conditions this fight takes the form of fierce competition, in which every individual does his utmost to increase the reward for his own services. And we have seen that this is brought about by a policy of exclusion, which is given effect to by training, capital, or arbitrary conditions. Then we have seen that the more successfully this is done in one class the more oppressively it acts, not only on those excluded, but on all those classes to which the excluded are relegated and who have to bear not only their own competition, but the aggravated competition thus caused as well, until we come to the

(*a*) “There is no fact more clearly demonstrated by the returns of the Registrar-General than that an increase in the number of marriages is the inevitable result of an advance in wages.”—*Fawcett*, p. 136.

“The population engaged in the production of coal and iron are recovering from depression and are again marrying and giving in marriage at their usual pace.”—*Ibid.*

“In the quarterly report, issued in October, 1873, it was stated that the prosperity of the country was proved by the high marriage rate prevailing. It therefore appears to be distinctly proved that directly the labourers obtain any advance in wages they call into operation an influence which sooner or later must exert a tendency to again reduce wages.”—*Fawcett*, p. 137.

lowest of all—the residuum of the people—which has to bear the concentrated pressure of competition of the whole of society.

To further aggravate the evil of those just above the starvation line, just able to subsist by work, another powerful engine for evil is well-intentioned but ill-placed charity. This, by enabling some to work for less than a living wage, makes life absolutely and altogether intolerable for those who have to depend solely on their labour. So, similar to charity, is the immense sum spent on out-door relief. This is either conditioned on the recipient not earning other money—when it becomes an incentive to malingering and idleness—or else, if work is permitted or winked at, it at once has all the bad effects of charity itself. Combined with the operation of Nature's law, the result seems to make the problem of our poorest almost an impossible one to solve. And to solve by charity it certainly is. If every one to-day were provided with relief, the increase in population would be such that the solution of the problem would be impossible to-morrow. It is worse than negative, it aggravates the evil, to cry "Peace, peace," when there is no peace. Ignoring facts never was and never will be the basis for ameliorating the condition of anything.

For practical reform the first essential is to master the realities governing the situation. It by no means follows that the prevailing conditions in the United Kingdom are the same as the prevailing conditions in other countries. The underlying principles will be the same, but social entity in every



country is the resultant of innumerable forces, and which for the time will be the most powerful operating force will vary with the character and soil of every people.

Thus some nations have vast tracts of virgin land. We, next to Belgium, have the densest population in the world, and are simply becoming too crowded for individual development or comfort. Nothing but a complicated form of civilisation would enable us to sustain forty millions of people in these islands (*a*), and it is only by a most elaborate system of division of labour and a most magnificent efficiency that we are able to secure for our labour, as a whole, such vast returns.

It seems strange at first that any of our land should go out of cultivation, but it is because our

(*a*) "There is, as it were, a tacit compact between each individual and society in general that the commodities which he consumes will be produced for him by other classes of labourers. If there were not confidence that such a compact would be realised, society would return to its primitive type, for each man would have to live on his own plot of land, and every commodity he consumed would have to be produced by himself. If this is done in any country to a large extent the country must be poor and backward."—*Fawcett*, p. 59.

#### "THE FOUNDATION OF SOCIETY IS MUTUAL HELPFULNESS.

"All the members of human society stand in need of each other's assistance and are likewise exposed to mutual injuries. When the necessary assistance is reciprocally afforded from love, from gratitude, from friendship and esteem, the society flourishes and is happy. . . . Society, however, cannot subsist among those who are at all times ready to hurt and injure one another."—*Ad. Smith, Th. Moral Sent.*, Part II., sect. 2, Chap. III.

agricultural land is the land of the whole world, and other occupations pay better than to cultivate it. We get better results by exchange than by direct cultivation. As long as we can manufacture other articles in exchange for which we can get more food than we can get by working simply on our own fields, for all practical purposes of supply our farms are the vast tracts to be found in every continent. Thus it is at home that our less profitable lands go out of cultivation, and as is technically said, the margin of cultivation (*b*) is steadily rising ;

(*b*) Ricardo's theory of rent seems generally accepted. Land will only be cultivated that yields the cultivator at least a living. If it does not do this it must go out of cultivation. This is termed the margin of cultivation. But owing to convenience of situation, facilities of transport, or superiority of soil, some land may make the cultivator a better return than such bare living. Thus, if he were willing to work the former land for a bare living he would be willing to pay a rental for the superior land. Where competition was very keen this rent would rapidly approximate to the difference in return to be obtained from the two respective classes of land. Thus, in other words, the economic rent of agricultural land would be the difference between what such land would yield and what the worst land just in cultivation would yield for the same labour. (Discussed in *Fawcett*, p. 113.) Where the theory seems to need modification to meet modern conditions is that to work land on a large scale demands a considerable amount of capital. But suppose a farmer has a capital of £5,000, his standard of living will be that of a man with £5,000, and he is not going to pay his landlord in rent the difference between what his farm yields and the bare living he could get out of the poorest land for the same expenditure of labour. He will want at least to do as well with his £5,000 as he would in any other business. Hence a landowner who wants a good tenant with plenty of capital cannot possibly obtain as rent the difference between the two classes of land. A man content with a

that is, only those lands pay for cultivation which, year by year, are relatively of superior quality. So for securing the best results per man employed it does not pay to cultivate land too intensively, and our conditions are further governed by what is known as the law of diminishing returns(*c*). If ten men working a farm are the exact number to get the maximum results for their labour, then it is found that whilst eleven or more would get a greater total return, yet the proportionate return secured by each would be less than for ten only. Hence, though we might get more return from our

much lower standard of living, and closely approximating to the labourer, will work poor land and make a bare subsistence out of it when the rich farmer would not work it at a gift.

“It may be stated generally that in England each class of society has a recognised standard of living which involves a certain expenditure.”—*Furcett*, p. 83.

(*c*) The law of “diminishing returns” is admirably discussed by Francis A. Walker in his “Political Economy,” p. 35 *et seq.*, showing how, after a certain limit, proportionate effectiveness is lessened. The following is an interesting tabular example as applied to agriculture:—

Number of Labourers.	Number of Bushels per Acre.	Total for whole Area.	Each Labourer's Proportion.
10	20	2,000	200
12	22·8	2,280	190
15	27	2,700	180
20	32	3,200	160

Of course a similar table could be given showing proportionate increase until maximum efficiency reached. As regards the production of raw material the law is almost universal. As regards manufactured products the above is more illustrative than exact.

land, cultivate it more closely, and get more total results by crowding labour on to it, yet we could do so only at the cost of getting steadily diminishing proportionate results. And as a nation we simply do not do it because, as a whole, we have more profitable outlets for our industry. This indicates that we shall not find a solution for the problem of our underpaid by driving them to less profitable work, but by regulating their present occupations. For a time the alternative occupation offered by unlimited tracts of virgin soil has a decided tendency to harden wages; but that is different to our taking our people from more and putting them to less profitable employment. And even were there unlimited access to land, with our land limited as it is, we should only find that in a few years our poorest, taking with them their same improvident habits, would so increase in numbers that very shortly the sole result would be we should not only have a poverty as deep as ever, but a still greater population of the unfit to be a millstone round the neck of the energetic and prudent. On the other hand, if they ceased to be improvident, they could secure a far higher standard of comfort under present conditions than under others artificially introduced. What we want is that all our labour should be used in those ways in which there is greatest scope for organisation and machinery and consequent efficiency. No doubt it would seem that any one in full work can produce more than he consumes; in other words, that as far as work is concerned, it can produce the fund out of

which its wages are found. This is a technical expression, and possibly carries us no further, and is only of interest because of the polemics that have warred round the unhappy subject of the wage fund (*d*). But granting that work produces its

(*d*) In its crude form we should probably hardly agree with the old wage fund theory, viz.:—"That capital is the fund from which labour is remunerated, and it has been customary . . . to describe that portion of the capital of a country which is devoted to the payment of wages as the wages fund" (*Fawcett*, p. 128). Thus stated it has been combated by Mr. Thornton and Mr. Mill, and forms the subject of an eloquent tirade by Mr. Henry George, following their lead. No doubt, under present conditions, our capital and credit is so enormous, that to the necessary wage fund will be easily allocated exactly so much capital as is required week by week and no more. As for the existence of such wage fund as a fund all would agree it is more or less mythical. But the underlying thought, when stated not as a mathematical formula but as part of general reasoning, far more appeals to us. Then, if we follow Mr. Fawcett a little further, we find we have not much desire to quarrel with his arguments or conclusions. Dealing with capital "as that portion of wealth which is set aside to assist in the production of more wealth," he goes on to say that wages are governed by supply and demand—that is, by effectual demand; that is, by demand by those who not only want to employ labour but can pay its price. But those who thus want to employ labour are those who, having wealth, want to employ such wealth as capital, want to use it in business, in fact. Unless so used capital is barren, but to be used involves the employment of labour. Therefore, the greater the capital wanting employment the greater the demand for labour, and if the supply remains the same the greater the price it can command. Thus the more capital wanting employment the more labour that will be profitably employed. (*Fawcett*, p. 132.) In our text we have arrived at the same result in another way. When times are good the more and more available wealth is set aside to be used as capital, with the result that usually employers and employed and owners

wage, still the wage of unorganised work is an utterly miserable one, and we must never forget that in the unaided fight with Nature life is very hard indeed (*e*). No doubt in the past, when we were dependent on our own land for our food supply, and when an increasing demand necessitated inferior land being brought under cultivation, and what its produce sold for set the level of prices, rents steadily and proportionately increased as this so-termed margin of cultivation steadily fell. So, further, as the profits of both farmer and owner were dependent on the difference between selling price and cost, and as we have seen that the selling price was arbitrarily fixed, we have got, as we can see, the very ideal conditions to which we have referred, where it pays the employer to sweat the employed. The less paid in wages the more the profit. And they did it in every possible way. If fewness of numbers threatened to harden the labour market and raise wages, they made it illegal for labourers to receive more than a certain amount: and when, in the early part of last century, a relaxation of the poor law and an indiscriminate doling out of relief had so increased the labourers as to put them entirely at their mercy, it paid them to grind them down to the lowest possible subsist-

of wealth all find the greatest demand for their different services at the same time and all do well together. When conditions are the reverse all do badly together. Probably for practical purposes we get all the information we can use by observation of the facts themselves without trying to bring them within the compass of a definite law.

(*e*) Proved by the few who survived.

ence wage. It is not surprising, then, that kind-hearted men should find in our then land laws the cause of all poverty. That the greed of one class with the helplessness of the other was a very distinct cause at the time is undoubted; but unhappily it was not the only cause, as many a sympathetic philanthropist then contended as he demanded reform. Had it been the sole cause of poverty, with changing conditions in land we might have hoped for changing conditions in our poor. In those days, with the margin of cultivation falling and the nation at the mercy of its landlords, it did seem we had only to change the tenure and ownership of land to at once end poverty in all its most aggressive forms. On this hypothesis one of the most eloquent and impressive works dealing with human problems was constructed. But unfortunately its diagnosis of existing evils was not exhaustive, for otherwise, with a complete revolution in our land system, we might have hoped to have found our problem of poverty settled instead of being as serious as ever (*f*). As long as land was a monopoly

(*f*) Mr. Henry George attributed poverty almost solely to the evils of the land system and the rapacity of landlords. His arguments were based on a hardening market, on a steadily descending margin of cultivation, and a proportionately steadily increasing rise in rents. (*Progress and Poverty*, p. 153.) Since his day we have had a weakening market, a margin of cultivation steadily rising and rents as proportionately falling, and yet none of the happy improvements he prophesied as likely to result from such alteration have come about.

In another respect his argument seems inconclusive. After writing chapters to establish his law of rent on facts

the margin of cultivation steadily fell, and the grip of the landowner became harder than ever. But then came the mighty developments of steam, and in a few decades, from being dependent on our own lands only for our food, we had the whole world for our cornfields. Thereupon the margin of cultivation steadily rose, and once and for ever the power of the landlord was ended. Steam had brought about in a few years what the most sanguine land reformer had not hoped to accomplish under several generations (*g*). But, with condi-

based on agriculture, he practically assumes its universality, without anything but most cursory investigation. Unfortunately there is no one cause of either prosperity or poverty, and it is only a patient inquiry into all causes that can result in any good being done.

If any *one* thing is to be saddled with responsibility it is "human nature." But this helps us but little, as this *one* thing admits of thousands of different methods of treatment.

(*g*) "Land, labour, and capital, are the three requisites of production." (*Fawcett*, p. 44.) In a country where the staple industry is agriculture, the fact of land being limited in quantity is so important that land is well considered as a factor in all economic questions dealing with wealth production. But in England the importance of land as a special factor is continually lessening as our people increase in numbers, and have more and more to live by manufacturing, and not by agriculture. A century ago the question of the land was all-important, it was so limited in amount. To-day only a few shillings for carriage separate us from the land of the whole world. A century ago the country was at the mercy of its landowners. To-day our harvests are gathered in every quarter of the globe. So as regards the manufactured wares we send in exchange for our food. In their case the value of the land required, as an element of cost, is so trifling as to be absolutely negligible as an economic factor. Thus, really, we arrive at sounder conclusions by neglecting land altogether as an economic factor than by giving it a con-



tions absolutely reversed, we have still the same problem to solve, and always will have as long as human nature is what it is, and improvidence breeds improvidence ; and it is easier to succumb than to rise triumphant over temptation.

How can the nation help to protect others and the unborn against the effects of improvidence ? is the question we have to solve.

sideration which it no longer demands. Of course, if we again cut ourselves off from the rest of the world, land will once more resume its former importance.

## CHAPTER XXV.

## NATURE'S LAWS AND PARENTAL RESPONSIBILITY.

WHETHER it is to moderate the rigour of Nature's law—which may perhaps be put in the simpler form, that the improvident will have more children than they can fairly provide for—or whether it is to give effect to the dictates of common sense, first and foremost in any scheme for ameliorating the conditions of our poorest must be the enforcing of parental responsibility. Anything which lessens parental responsibility is an unmixed, unadulterated evil. It may be defended by the most plausible sophistries or most eloquent appeal to our sympathies; it may even try to enlist our sense of justice and fair play, and yet in its results prove none the less disastrous(*a*). For one we relieve, two will have to suffer; and that we may evade our duty we increase the burden of suffering humanity.

And how is parental responsibility to be enforced?

Certainly not by the State undertaking duties which ought to be discharged by the parent himself.

(*a*) “The conclusion above all others which we desire to enforce is that any scheme, however well-intentioned it may be, will indefinitely increase every evil it seeks to alleviate if it lessens individual responsibility by encouraging the people to rely less upon themselves and more upon the State.”—*Faurett*, p. 300.

Does the worker think he benefits when the State educates the child he should educate himself? Does he think it is so much added money to his weekly earnings? And how about the increasing population that will result, and which will fight him to the death for his wages? What determines the level of the men's wages? Their competition with themselves. Do they think it will pay them to have the country turned into a forcing house of wastrels and the unfit, to ever battle with them the more fiercely? No man is more interested in the enforcement of parental responsibility than the worker himself, and doubly so if he be a hard-working, self-respecting man himself. Does he want the millions increased to snatch the bread out of his mouth and that of his child? How can he hope to maintain any permanent improvement when he has this ever-growing evil and power to contend with?

Then how are we to enforce parental responsibility? Not by telling the thriftless, feckless parent who has children he cannot provide for, that he is the miserable unfortunate victim of a wicked system which robs him that others may fatten on unholy wealth. Then how are we to enforce parental responsibility? Not by preaching that if he has the children the State will do the rest, and encouraging him to neglect them and starve them until they are of an age to earn a little money, and then giving him power to use them more vilely than a slave driver.

No, not one of these ways is likely to increase in

the country a sense of parental responsibility, and the first thing we ought to do is to change the law as to the rights of worthless parents in their children's labour, and to put them on the proper basis of the child's interests alone; and the next thing we ought to do is to reduce to practice what we are agreed on in theory—that for people to have children they cannot provide for is a crime against the children and a crime against society (*b*).

When once the children are in existence, who that is not an absolute brute can leave the poor little mites to suffer and to starve? But merely to relieve them and ignore the wickedness of their parents is to increase the evil.

As regards coming into this world, we have never

(*b*) The enormous improvement that might be secured by the steady pressure of public opinion is well shown by Mr. F. A. Walker in his "Political Economy," where he demonstrates how much might result not from violent but partial changes if all in the same direction: "Any economic want may act in restraint of population in one or more of three ways—first, by diminishing the numbers of the marrying class, inducing celibacy amongst those who do not find their way to obtain an income adequate to the support of a family; secondly, by procrastinating marriage; and, thirdly, by diminishing the birth rate within the married state. The forces which operate in restraint of population may take any one of these three ways, or take them all, in which latter case the reduction of the ratio of increase will be very marked. If, for example, the number of married pairs in a given community were brought down from 100 to 80 by the spread of celibacy, if through later marriages the child-bearing period for each married pair were reduced from twenty years to fifteen, and if the interval between births were extended from two years to three, the number of children born under the latter state of things would be to the number born under the former state as 40 to 100."—*Pol. Econ., Walker*, p. 307.

been consulted, and so far we may feel ourselves bound by no social contract; but—unless we are mere animals, when we should be treated as such—when by our voluntary act we take to ourselves a wife and beget children, we undertake obligations which the rest of the community have a right to see we discharge. If we do not discharge these obligations, others have to do our duty for us, and if we throw this burden upon them they have the right to make things exceedingly unpleasant for us. But how is the State to enforce such obligations? Seeing that compared with the individual the State is all-powerful, even to the extent of life itself, it is absurd to ask how. The State has many ways of making itself disagreeable, and if one method is not a success something severer must be tried.

And the first step in this direction is clear. If a parent is disgracefully indifferent to the welfare of his offspring, when it costs him some self-denial to see to its wants, and others have to provide for its necessities, then never again ought such parent to be allowed any rights whatever in it, and especially not when it becomes of an age when it can earn money to be stolen from it (*c*).

Again, if a parent is an habitual drunkard and lets his children sink into a state of destitution, then such self-indulgence ought to be treated as a very serious offence indeed.

In fact, there is no reason why it should not be regarded as an offence for a man to indulge in

(*c*) This was the old Chaldean law, and one we ought to adopt.

strong liquor at all when he has dependents at home in want and starving.

Why should he be allowed to waste money in self-indulgence before he first discharges his duty? Some speak of such as "poor fellow," but a man who gets drunk, wastes his money on himself and leaves his family to starve, is not a poor fellow—he is a selfish beast; and if he will not voluntarily discharge his responsibilities, the community ought never to rest until they make him do so by compulsion. No doubt drunkenness in itself gives no right of interference. It is only drunkenness that makes itself publicly offensive or which is accompanied by a failure to discharge one's duties that does. When, in addition, neglect is accompanied by cruelty, the punishment should be made short and sharp, and it would be none the less effective that it would not be a bar to his earning his living in the future.

So there is a class of woman who at regular intervals seeks our maternity hospitals and imposes on the public the responsibility of providing for children she has not the remotest intention of caring for herself. A single offence might be forgiven her, a second might be condemned, but a third should be made impossible. The multiplication of children is far too serious a question for the nation, to be allowed to continue unchecked. The taking of life is too serious to be even contemplated, but in the present state of medical science it is not necessary, and no moral law will be broken by prevention.

But here is our difficulty. Is public opinion pre-

pared to regard callous selfishness and neglect of duty as a punishable offence, and to treat it as such? We pride ourselves on our superiority over our ancestors, we pride ourselves on our humane punishments; but the only humane punishment is the punishment that is effective. The law which allows a man to inflict unmeasured suffering on the weak and helpless is not humane. Such humanity is but a veneer at best, and it is humanity that would not be countenanced for one minute if we had to suffer in our own persons what we permit to be inflicted on helpless children.

It may be said we advocate severity bordering on the cruel. We reply, the mistaken sentimental kindness of the past has been the real cruelty. As before noticed, Mr. Chiozza Money points out that the wage-earner of £3 and under received in 1904 880 millions out of the 1,710 millions estimated income of the whole country—more by 80 millions than the whole earnings of the country of rich and poor alike not fifty years ago—and yet our problem of poverty and wretchedness is more serious than ever. Nothing more conclusively proves we are on wrong lines. We know what is right, but we will not do it. We know parents who have children and neglect them are guilty of a grievous sin, and instead of resolutely facing our problem and saying it shall not be, with a sickly sentimentalism allow it to pass unpunished, and are utterly regardless of the untold misery it brings on millions of helpless creatures; but at the same time, instead of being ashamed of ourselves, pride ourselves on our tender

hearts. So, instead of putting the blame on the right shoulders, we make an attack on others—the rich and the strong—without whom the nation would go under entirely.

These ne'er-do-wells may be very unfortunate in life, very ignorant, very much to be pitied; but that is no reason for their being allowed to continue in wrong-doing. It does not even promote their happiness. We may as well face the inevitable at once. The problem will only be twice as bad twenty years hence if allowed to develop on its present lines. Then let us beware now, for the first disaster in battle will overwhelm the nation in one general ruin. The horror and madness and awful hell that will follow the cry, "Give us bread!" is too terrible to contemplate. If we are to support the population we have in these islands, we can do so only by their being vigorous, self-reliant and independent.

All history warns us. As we sow so shall we reap. If we deliberately cultivate a weak and worthless population, such is the harvest we shall gather, and it will be none the less disastrous because in the fulness of our hearts we deny the evidence of our senses.



## CHAPTER XXVI.

### NATURE'S LAWS AND THRIFT.

AKIN to the necessity of enforcing parental responsibility is the importance of inculcating thrift, and the accumulative power or virtue of "littles." That this is accomplished by the State doing for a man what he ought to do for himself is obviously absurd. With wealth such as ours we feel it delightful to provide for the aged and the needy. Probably it is the one thing we are all pleased to contribute our quota to, but there is a wise way and an unwise way of doing it. If provision for old age is a reward for self-denial in youth, if it is a liberal return for money saved instead of being expended in beer, if it is given to those who have strenuously done their best to help themselves, then it is a good and a blessing which will repay the country fourfold for every penny expended. If, however, it is given as a kind of extra dole in wages, a kind of makeweight for the inequalities of fortune; if it is given so that children need no longer provide for parents, and that youth need no longer save against age; if it be a kind of tribute that envy demands of wealth, then it only proves that out of the most excellent of institutions it is possible to extract the utmost amount of evil results. The test of such measures is, do they promote thrift?

There is no more excellent form of thrift than that of life insurance. So excellent is it we would have it universal. So excellent is it we would have it—compulsory. But would we? The moment we make it compulsory, good-bye to it as an agent for promoting thrift. As a convenient way of levying a new poor rate, as a simple way of imposing a new tax it may be very excellent, but immediately the voluntary part of the act is done away with, that moment it is of no further value as an educational agency. Good and bad, drunk and sober, willing and unwilling, all have to pay the tax, for which, it is true, they get a most magnificent return. Once again it is but an attempt to increase wages in a way which is economically unsound. If in return for a nominal payment in premium the nation undertakes to keep each worker in comfort when “at play,” it will be faced with the trade unions’ difficulties without the trade unions’ resources in dealing with the idler and incompetent. If, then, to protect itself—and, as will be said, to also benefit the man—it insists on his doing work, it will soon be equally insisted that current wages should be paid, and thus, under cover of a most specious proposal—that of compulsory insurance—there will be introduced the fatal doctrine of the right to work.

To promote thrift—and for anything else it is not worth the trouble—we must preserve the voluntary character of insurance. Possibly it may be beneficial to tempt the worker with higher benefits than he could commercially command, but this

would have to be very carefully tested step by step, for somehow when we depart from sound business principles things have generally a disagreeable knack of going wrong. Still, insurance is based on an average of good and bad risks. If by encouraging insurance we can promote thrift, we might do it on the basis of all the risks being regarded as good. A "good risk" always objects that he has to pay for the bad ones as well, and to this extent the State might help him so that he should not be frightened away. It is not necessary that the State should make such insurance pay, and could regard it as part of its altruistic machinery, designed to elevate the individual and teach him habits of thrift. But at best it is little good the State can thus do. Virtue is from within, and not to be imposed like a cloak from without. And as with pensions so with insurance, the very condition of receiving money as a right from the State ought to depend on each having voluntarily done his best to put by something when in health and able to work.

If a man has never saved, never exercised self-denial, and comes to want, then let him be branded as a pauper as he deserves. If he wants to preserve his civil rights, let him act so as to deserve them.

It may be urged that it is cruel to expect any man to save out of a miserable wage, that it is taking from his wife and children to deprive him of any part of his little. When our working men as a whole are teetotallers, and waste nothing in drink, we will consider this objection further. In the meantime we say the greater good has to be con-

sidered, and the greater good is to teach him thrift and to depend on himself. The nation does not realise the tremendous importance of littles. Suppose the working man saved even the *3d.* a day spent on beer, and this saving was carried on through a couple of generations—and here remember that most of our prosperous families owe their wealth and position to a self-denial extending over more than two generations—what would be the result? First, suppose two brothers starting life together, the one determined to save, the other spending the not unreasonable amount we have mentioned in beer. Suppose both lived to seventy and the one had steadily saved from fifteen. At the time when he would have otherwise qualified for an old-age pension he would have saved a sum represented by the series

$$£4\ 11s.\ 3d. \times \left\{ \frac{105^{51}}{100} + \frac{105^{53}}{100} + \dots + \frac{105}{100} + 1 \right\}$$

or a sum rather over £1,300 (*a*).

Thus, at seventy he would have saved £1,300, and his brother would have nothing, and would, therefore, be well qualified to receive his old-age pension. And is his brother a bit worse off for his savings? Not in the least. On the contrary, after

(*a*) We have estimated the interest at five per cent., for if he only bought his house instead of paying rent for it, it would at least yield him this amount. So, if as his capital accumulated he bought other similar houses, he would be able to equally well invest his further savings, for, as a matter of fact, it is this sort of owner who can get the best results out of cottage property.

having eaten all his own cake, his brother would perhaps get some of his as well. In ninety-nine cases out of a hundred he would probably get help from him. His brother's poverty is not due to his wealth, but its alleviation would be.

And how will the next generation be affected?

Supposing the brother who had saved were to die, leaving a son who had been equally thrifty to come into his fortune. Then, when such son reached seventy, he would have his own £1,300 he had saved, and in addition the accumulations of the £1,300 left him by his father,

$$\text{that is, } £1,300 \times \frac{105}{100} \Big|^{23},$$

or some £5,000 more. That is, by the mere saving of beer money for two generations he would be worth a fortune over £6,000. Surely such possibilities should make us pause before we indulge in wholesale condemnation of wealth owners.

His £6,000 would be pure gain to himself and the whole community. No one would have lost a penny by it, and its being used, say, as we have suggested, in property, would have been of advantage to the rest of the nation. Such facts are not probable, you say. Quite so. But in the exceptional cases where they do occur the families become affluent and important. The same progression carried on through a third generation would mean a fortune of over twenty thousand pounds. These figures are not probable? Quite so. But many of our noble families owe their continued wealth and existence to as rigid a self-denial. In their case the temptation

to spend every penny is as great, but it is a temptation that in the case of old families of long standing has been resolutely resisted.

Surely it would be more beneficial to inculcate truths such as these than to teach the working man to spend every penny on himself when times are good and then cry to his saving brothers—for that is what it amounts to—when he finds employment slack. And let us again reiterate that the £6,000 that might have been saved by such simple self-denial, the giving up of his daily beer—which he probably would be better without—is money lost, not only to himself but to the whole country. He might have been that amount in hand without any other being a penny the poorer. Even the work he found his brewer in providing him the beer he would have equally found for others by his buying the investments in which he put his savings.

If, then, we enforce parental responsibility and inculcate thrift, we may hope to do something effectual for the good of our general population. We may even make it possible to indulge our altruistic emotions without the certainty of our doing more evil than good.

## CHAPTER XXVII.

### NATURE'S LAWS AND ORGANISATION.

IN our earlier chapters we have traced the effect of competition on wages. We have seen how such competition is limited by lessening the number of those who can compete, and, further, that this number may be lessened by trade unions by a policy of exclusion enforced by arbitrary restrictions. And we have seen that the more effectively this is done in one class, the more oppressively it acts, not only on those excluded, but on all those classes to which the excluded are relegated, and which thus have to bear not only their natural share of competition, but the aggravated competition thus caused as well. And we have seen how this pressure bears on each descending class until we come to the lowest of all, the residuum of the people, which has to bear the concentrated pressure of the competition of all society. So far, then, as we find trade unions favourable to the worker, their benefit ought to be extended to every worker who desires it. The pre-eminent advantage such unions secure is establishing uniform conditions of work and pay throughout a trade, and preventing the workers' wage being used as a counter in the masters' competition amongst themselves. Is it impossible to secure such a measure of organisation in those

trades where the workers are too helpless to assist themselves? It seems there should be no difficulty. The masters would benefit. It is to their interest that an unconscionable and unscrupulous rival should have to act as fairly as themselves. It would even be to their interest if they could compel such rival by law to pay his hands as well as they pay theirs. But the compulsion of law not being open to them, it would pay them if it could be done through trade delegates. As regards the benefit to the worker, it would be undoubted; and as to the community, if it had to pay more through their being thus made, as it were, a privileged class, it would cordially co-operate in effecting such beneficial change.

To this extent, then, it would seem that it would be possible for the Legislature to assist her poorest by organising them more and more completely, until practically we should have every worker who desired it in some recognised union. Then in every such union we might hope to see the most respected employer in the industry as chairman, and using his superior intelligence and powers to better their position, knowing that thereby he would in no way endanger his own (*a*).

Thus we might hope to establish a new economic

(*a*) Jeremy Bentham, the apostle of Individualism and father of modern thought, and Robert Owen, the founder of Socialism, so worked together as partners. Both were too practical not to make their business pay, but their first end was the good of their workers whom they watched over and cared for to the utmost of their powers.



law in the desire of every master to compel all other masters to rise to his standard, instead of the present competitive exigencies which compel every master to cut down wages to the lowest possible point or else fail in his business. Thus, instead of the standard being set by the worst master, it would be settled by the practice of the best and most considerate.

## CHAPTER XXVIII.

## THE RESIDUUM.

AND finally we come to our residuum. We can organise them, but is anything further possible on their behalf? Here again we must carefully distinguish between our underpaid and unemployed.

Our underpaid are of our employed. They give services, and of right are entitled to demand a just return. What is a just return, we have inquired into in Part I. This determined, then the duty of the community is to ensure that as they give so shall they receive. It may not mean the pay of our artizans, perhaps not even that of our casual labourers, but probably something better than they can now command. To so better the condition of some of our lowest paid labour is not merely a matter of charity or of altruism, but a matter of obligation as well. Not that there is need for us to labour this argument, for hitherto the difficulty has not been the theoretical, but the practical one—how to do any good.

Many attempts have been made to assist them without satisfactory results. Some of the best-intentioned acts have only aggravated the evil. Thus the kind-hearted public who would boycott the products of sweated labour only lessen the

demand, and with it the earnings of those they would benefit. So we have seen that the master who would pay a living wage, or find his people better conditions, is hopelessly helpless, faced by the conditions of modern competition. He must produce as cheaply as his neighbour or succumb. So supplementing their earnings by charity has no beneficial result. Competition is so severe that whatever is received in charity to that extent enables them to take less in wages. And still more prejudicial is it to those who have no extraneous assistance. These, dependent on their earnings for their living, have to compete with those who only want to add to their income. So with out-door relief. It is but another form of charity, and with its defects. As to such relief we are in this dilemma—either it is given to those who do no work and whilst they do no work, when it becomes a direct premium on indolence, or if it is given to those who do work it enables them to take less wages than those not so assisted, and thereby aggravates the evils of competition and the conditions of our poorest. Whether it is otherwise a satisfactory method of giving assistance is a matter on which opinions are divided; but economically, no doubt, in common with other charities, it does, either directly or indirectly, seriously aggravate the conditions of our sweated labour. As regards all receiving State aid, it does seem that as far as possible they should be removed outside the ordinary competitive conditions of civil life. This might simplify the problem of our worst paid, but would not in itself

be a cure more than the other attempts made or suggested.

The fact is our problem seems so hopeless because we are now face to face in a life-and-death struggle with Nature's laws themselves (*a*).

Nature will not have her race die out for want of increase. Nature produces more than can be possibly kept alive. The limit to increase is the limit of sustenance only. Make that sustenance more abundant and you increase the numbers, make that sustenance scarcer and you diminish the evil. Provide houses for such unfortunates and there will be more for whom to provide; insist on their properly housing themselves and you will do something for their good. Feed them and you will have the more to feed, and every penny you give in charity, by that amount you will add to their sufferings (*b*). Take away and care for the children they

(*a*) "The difficulty in nature is to see the law where it is concealed from us, and not to be misled by phenomena which contradict our senses. That the sun stands still, that it does not rise and set, but that the earth performs a diurnal revolution with incredible swiftness, contradicts the senses as much as anything, but yet no well-informed person doubts this is the case."—*Conversations of Goethe* (Eckermann, Oxford's Translation, 1874), p. 521. Thus children fed, suffering relieved, seem to be advancing the cause of humanity, and yet are we not providing more victims to be sacrificed on the altar of Nature's law that millions are produced, that thousands may survive?

(*b*) "A great portion of the advantage which the poor would derive from the cheapening of food is, therefore, ultimately lost to them, because the increase of population which is stimulated by cheap food has a tendency to lower wages."—*Fawcett*, p. 175.

bring into the world and they will have others to fill their place. We are face to face with the fact that with our submerged population there is only one level below which earnings cannot go—enough to keep body and soul together.

If we recognise this fact we see certain lines along which progress is possible. Our first step must be to zealously stamp out overcrowding. And shall we build houses for them? Certainly not; it were but to aggravate the evil. But none the less should we insist on a minimum accommodation for every family. But more space means more cost, and how are poor creatures who now can barely find 1s. a week for lodgings, to find 1s. 6d. or even 2s. to pay for the additional cubic feet of space? They cannot. "It is an impossibility," it is said. "They must," is the inexorable reply. But they are already on the verge of starvation. They will die if you take anything further from them. Then to that extent they will lessen competition, until wages rise to pay for the additional cost of living thrown on their class. Then for the next generation the improved housing will be pure gain. Can the rigour of such proceedings be mitigated in the meantime? Can we organise their labour and thereby secure them some of the benefits of trade unions? At least as far as reasonable hours are desirable they might be rendered compulsory by law. Thus we find that in many trades where the wages are lowest the hours are longest. What are reasonable hours might well be left to the common sense of the nation to decide in each case. This decided, and

the number limited accordingly, the tendency would be to harden that particular labour market and increase the pay of those engaged in it. Probably this tendency would be neutralised by the law of nature to which we have already referred, in which case the only gain, but still great gain, to the worker would be fewer hours of toil. Possibly the two working together, better housing insisted upon and shorter hours legislated for, might result in higher wages becoming a permanent result. The shorter hours would certainly result in their earning more, and if, before the benefit of this went in increasing the number to again reduce the earnings, the rigorous enforcement of better housing was insisted upon and a considerable reduction made in outdoor relief, there might be some permanent improvement effected in their condition, some permanent raising of their standard of living, the first step to the solution of our problem (*c*).

So we should hope the further benefits of organisation would be extended to them. By establishing a uniform wage and uniform conditions we might expect such wages to be higher than now established. Whether in the meantime it would be desirable to establish a minimum wage by law would need further consideration. It would be essential to proceed by steps, and by small steps,

(*c*) "In considering any scheme for improving the condition of the poor one of the chief points to keep in view is to endeavour, if possible, to effect so marked an advance in their condition that they will not willingly sacrifice the higher standard of comfort they have reached."—*Fauncett*, p. 230.

so as to have a unanimous public opinion in its favour. We, of course, refer to the "sweated" industries only. We have seen that many employers—possibly all—would willingly pay higher wages if the practice were universal (*d*).

Would it be possible in those cases, say, where 5*s.* a week was the ruling figure, to make it 7*s.* 6*d.*?

"What a magnificent improvement!" some would sneeringly remark. Is any improvement possible? is the only matter we are concerned with. Is any change possible that will do more good than harm?

And if 7*s.* 6*d.* be not a princely income, it is fifty per cent. better than 5*s.* An inch in the way is worth a mile in the clouds any day. But here, once again, the danger is that the improvement may only result in such increased population that the next generation may find itself as hopeless as ever.

(*d*) "The effect of competitive pressure in reducing the percentage of profits to turn-over is well seen in the extreme cases in which one or more of the stages are omitted. In the wholesale clothing trade, for instance, there may be, as we have seen, only a single grade of capitalists between the "sweated" woman trouser hand and the purchasing consumer. This wholesale clothier, though he makes a huge income for himself, extracts only the most infinitesimal sum out of each pair of trousers or "juvenile" suit. His success depends upon the fact that he has a colossal trade, dealing every year in millions of garments, and turning over his moderate capital with exceptional rapidity. Even if he were sentimentally affected by the fact that the women to whom his firm gives out its millions of garments earned only six to ten shillings a week, he could not appreciably raise their wages by foregoing his whole profit, seeing that this amounts perhaps only to a penny a garment."—*Industrial Democracy* (*Sidney Webb*), p. 669.

If we thus raise wages we might, perhaps, with advantage end a great deal of our child labour. Possibly its total abolition might be desirable. No doubt one of the reasons why the worse kind of parents are reckless in the children they have is, that they prove an actual source of profit to them at a very early age. This is not satisfactory, and never will be until the rights of children are more generally enforced.

But, granting we can raise the wages of our lowest paid with advantage to themselves, may not other matters have to be taken into consideration?

First, if we so raise our minimum wage, may we not make our country an attraction to all the ill-paid workers of the world?

Clearly our duty is to those of our own land. Much as we may sympathise with suffering in any shape and in any land, we cannot be the home for the destitute of all races. We have already as large a population in our islands as we can observe with tranquillity, and it seems clearly our duty to at any rate avoid any unnecessary increase of the undesirable element. This danger, therefore, need not be further considered; it can be simply met by a policy of exclusion.

Secondly, can we maintain our higher wage in the teeth of foreign competition?

The conclusive answer is that ill-paid labour is not the most productive labour. A half-stoked engine is an economic loss, whether human or mechanical, and there is not the least doubt that so far as we improve the conditions of workers we



shall also improve their efficiency as producers (*e*). And our great power as producers is our efficiency, an efficiency due to the use of machinery and the intelligence of our workers; and in Scotland, where the intelligence is greatest, machinery most largely used, and where wages rule high, the efficiency is greater than in any other country of the world. We shall not lessen the efficiency of our lowest paid worker, even proportionately, by paying him more.

Then we must never forget that so far as foreign trade makes labour more productive, it increases the store of goods with which the volume of employment as a whole is increased. So far as this is a factor in causing good times, its influence on the poorest paid trades will be rather beneficial than harmful.

A third objection is that by raising prices we may possibly kill trades whose very existence depends

(*e*) "Up to a certain limit, then, with food, as with fuel, the true economy of consumption is found in increasing the supply. Niggardliness is waste, and waste of the worst sort. But just as there is a maximum limit with fuel, so there is with food. After that limit is reached, the increase of food does not imply a proportional increase of force, if indeed any increase at all, and after a certain still higher point is reached the increase of food brings mischief."—*Walker's Pol. Econ.*, p. 48.

So also as to sanitary conditions: "Human beings confined in small unventilated rooms inevitably lose vigour."—*Ibid.*

"And as better food and better conditions contribute to higher intelligence, they contribute to efficiency.

"So cheerfulness and hopefulness contribute to efficiency."—*Walker's Pol. Econ.*, p. 53.

"Energy and intelligence are two of the most valuable qualities which a labourer can possess."—*Fawcett*, p. 48.

on the lowness of the wages paid. To this the answer is, raising the wage ought to increase the efficiency, and if this is done there should not be of necessity such an increase of cost as to kill the trade.

So, further, it must be remembered that such minimum wage would be fixed for each particular trade, and at such an amount as not to be fatal to its existence.

No doubt if a wage is so low that it ought to be raised, and yet it cannot be raised, it will suggest the inquiry, Is such trade worth preserving?

Here, again, we must remember that when we make changes it is much easier to cause suffering than to cure it.

## CHAPTER XXIX.

### OUR UNEMPLOYED.

THUS far we have dealt with our underpaid employed. We have recognised the radical difference between them and our unemployed. They give services, they are entitled to receive as much again. In determining their rights we cannot be said to have been led away by any altruistic or other sentimental reason—we have simply pursued our argument to its bitter end. So, following the same line of reasoning, we inquire what are the rights of the unemployed, and we are at once brought up hard as we find the only answer is none. They give no services, they are entitled to nothing in return. Services and payments are absolutely correlative, and no services, no pay, no rights. A bitter creed for the weak and helpless. Maybe, but let us accept realities. We are so given to seeing things as we would have them be, and not as they are.

The foundation of individualistic society is pure selfishness—to give, to receive as much again.

If this principle is recognised, then with less danger and more benefit can we give effect to the altruistic emotions which so extensively govern human affairs. We are prepared to temper selfishness with charity, but let us clear the position and

make sure beyond reasonable doubt that what is done is done of benevolence and not demanded of right.

The fair remuneration of our ill-paid is a matter of sternest duty; charity to our unemployed is a matter between a man and his own conscience. If a man declines to recognise his duty in this respect, as for many good reasons he may, no other individual or set of individuals is entitled to dictate to him what his duty is, still less has a right to be charitable at his expense.

In practice, no country has yet driven individualism to this extreme logical conclusion, and some provision for our worthy destitute has always met with the approbation of the community at large. But this is all the more reason why we should thoroughly demarcate the true theoretical division between what altruism may give and right can demand. Nothing is more pleasurable than the indulgence of charitable emotions. It causes a glow of virtuous self-approval highly pleasing, and experience proves that nothing more adds to the delicious feeling of self-approbation than being charitable at other people's expense. "Be not righteous overmuch"—the veiled satire of which is, that you are not to be righteous for other people, and should be content with practising virtue in your own person—is a divine command which may well receive the attention of every idealist who is not prepared to first practise and then teach.

Having thus clearly stated what would appear to be the governing principle in dealing with our

unemployed, we are in a position to consider what can be safely and best done on their behalf.

And first for them, as for the underpaid, nothing would prove one-half as beneficial as enforcing the doctrine of parental responsibility. The country could be metamorphosed by the effective treatment of one generation, and so-called cruelty to the improvident of to-day might result in a chorus of thanksgiving in untold years to come. Our unfortunate and often cheap sentimentalism in the present is fatal to the child of the near future. If we only realised this, much could be done that now ought to be left severely alone. If at every stage duty were enforced, other reforms might be feasible. But the enforcing of duty should be the first step, not the deferred one. We have not improved our country by our contrary methods during the past thirty years; we have made it worse by increasing the number of the submerged. It is so easy to vote money—other people's—that our tendency is to think, and begin, and continue always in the wrong way. Neglecting the all-important essential, the strengthening of the moral fibre of the unit, we attempt changes which only aggravate and do not alleviate the evils. It is absolutely worse than useless voting any money or other help to a class of whom John Stuart Mill says: "The use they commonly choose to make of any advantageous change in their circumstances is to take it out in that form which, by augmenting the population, deprives the succeeding generation of the benefit." And particularly is it not to be contemplated by us. We

are already one of the most densely populated kingdoms in the world, not even excepting China. We cannot feed ourselves, we are dependent for existence on the rest of the world, and any increase of our unfit is an absolute menace to the welfare of all. But assuming such duty enforced, what concurrent measures are desirable? Can any reform that is inconsistent with the principles of individualism be attempted with any hope of doing more good than harm?

What of emigration? Certainly if we could send abroad a million of our submerged it would be an excellent thing, even if we had to send ten pounds with each, provided their place was not immediately filled by others as undesirable. A million children so dealt with would simply and solely mean finding room for another million to take their place. Of course, emigration which takes our enterprising people and leaves us our unfit is obviously undesirable. As regards them also it promises as little, and we are driven back to our original position that there is only one way of improving our country as a whole, viz., by making the individual a better, more independent, and more responsible person.

This does suggest one possible reform. As far as possible we should check the manufacture of the unemployed. It is common experience in every large town that many a bright lad on leaving school is all eager to get into work. He commences by trying vigorously for a job, but for many reasons is unsuccessful. He continues his search, but as weeks of failure pass his efforts grow less, until at

last he tries no more, and becomes a confirmed loafer, or even worse. About six weeks is all that is necessary to turn out the finished article. Now no doubt there are many objections to compulsory service, the chief being that it takes place at the time when a youth should be learning his trade; but surely with these lads drifting into the ranks of the unemployed such an objection cannot hold good. Surely in their case compulsory service would be a most excellent institution. Along with the mere military drill, the boy ought to be kept diligently at work at some trade. It does not seem that any method or technical school can ever approach the practical teaching of the bang over the head a boy gets when he muffs his work or displeases an irate master; but still, with practical men in charge of the military schools, something far better could be done than leaving him to sink in the mire and become a nuisance to himself and society. Probably some would not like the discipline, but they would be the very ones for whom discipline would be most needed (*a*).

(*a*) "A man of rare beneficence, the Chevalier Paulet, created at Paris an institution for more than 200 children, whom he took from the poorest class. His plan rested upon four principles: To offer the pupils many objects of study and labour, and to leave them the greatest latitude of taste; to employ them in mutual instruction, by offering the scholar as the highest reward of proficiency the honour of becoming in his turn a master; to employ them in all the domestic services of the establishment for the double purpose of instruction and economy; to govern them by means of themselves by putting each pupil under the inspection of an older one in a way to render them securities for each other. In this establishment everything breathed an appearance of

And what of finding work for the unemployed as part of the individualistic life of the country? Certainly not. With rare exceptions, such as the cotton famine in Lancashire (*b*), it is better to face the truth, unpleasant as it may be, that it is no part of the community's duty to find work for any one, that it cannot do so with advantage, and that when it does it generally makes a mess of it. It may be an unpleasant dilemma. Either a man can keep himself, or he cannot. If he can, if for what he receives he gives as much again, he is independent and an active member of society. If he cannot, he is not independent, he must appeal to the charity of his fellow-man. Whether that charity is given by his friend or the State does not alter his position. For reasons good or bad, he wants commodities for which he can give nothing his fellow-man is willing to take in exchange. He may be unfortunate, he may be worthless; this does not alter the fact that he has to appeal to the good-will of his neighbour. Nor does it make any difference that he is willing to work. His work is not wanted. His only appeal is to charity. He may be proud in spirit,

freedom and gaiety; there was no punishment except compulsive idleness and a change of dress. The most advanced pupils were as much interested in the general success as the founder himself, and the school was going on prosperously when the revolution, amidst the general overthrow, swallowed up also this little colony."—*Bentham's Theory of Legislation*, p. 448. ANY INSTITUTION APPROVED BY MR. BENTHAM DEMANDS OUR MOST EARNEST ATTENTION.

(*b*) Some philanthropists think that they could have been found better employment in the ordinary business of life than by being thus assisted.



and wish to make adequate return, but for the time at any rate he cannot.

Whether such a one should be handed over to the tender mercies of poor law officials is another matter ; what alone we are here enforcing is that it is as part of our charitable machinery that we must deal with our indigent, and not as part of our everyday working life. We must realise that the man who has no work to do, nothing to give in return for what he receives, for the time being ceases to be a member of the self-providing community of active workers.

Looking at his case from the charitable point of view, many considerations as to dealing with him will suggest themselves as matter of common sense. In the first place, a practical differentiation of those in need of assistance is most desirable. There are some we would compel to work or leave to starve, whilst others command our fullest sympathy, such as those thrown out of work through the introduction of improved methods. As regards such methods we know they add to the employment of the country as a whole, but in the meantime the suffering caused by their introduction is very real and serious, and ought to be dealt with in a sympathetic spirit(*c*). No doubt they will soon get back to

(*c*) We see cabs displaced by motor-cars. Rightly we sympathise with the old driver thrown out of work. But as the driver of the old horse 'bus proves in many cases to be the best driver of the new power 'bus, so we can hope many of the old cab-drivers will equally be absorbed by the new employment. Still, cases of hardship and suffering must result, and none of us would regret if such cases were

profitable employment, but until they do we would gladly give them a helping hand (*d*).

Again, there is the second-rate workman, a good fellow—of course, with a large family—but one who has to go when times are bad. Him also it may be wise to prevent sinking into the class of the unemployable.

However, we need not inquire further into these distinctions. What we want is such a system of helping the unemployed and unfortunate generally that they will automatically gravitate to that position which their deserts entitle them to. This, we think, can be best accomplished by a comprehensive dealing with those who have to be assisted as a whole, and into this branch of our subject we will now inquire.

followed up and dealt with on their merits, and dealt with liberally.

(*d*) Possibly in their case, also, it might be a reasonable inquiry what had they put by for a “rainy day.”

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### Note.

Before giving way to a flood of philanthropic emotion readers should remember that dealing with our poor in a sympathetic spirit was very much to the fore about a hundred years ago. Owing to want of proper precautions it led to most disastrous results, of which the following brief account is extracted from Mr. Fawcett's “Manual of Political Economy.” Every student who would actively interest himself in the subject should read the whole *in extenso*, as it shows how easy it is, when desiring to do well, to only in-

crease what is evil :—" Frequent reference is made by writers of that period to the fact that about the middle of the last (the eighteenth) century there was less pauperism in England than in any other country. It appeared at that time not unlikely that pauperism would in the course of a few years be almost exterminated. Unfortunately, however, instead of persevering in a policy which had produced such happy results, the opinion began to prevail that as there was so little pauperism there would be no danger in administering parochial relief in what was supposed to be a more liberal and kind-hearted spirit. The stringent provisions of the Elizabethan Poor Law were gradually relinquished, outdoor relief instead of being discouraged was directly fostered by various Acts of Parliament, a lax administration of the law became general, and the result was that pauperism assumed such alarming proportions about the year 1832 as almost to threaten the country with national bankruptcy and permanent ruin. It is evident that the change of policy just indicated was gradually glided into without the slightest appreciation of the consequences involved. . . . By an Act passed in 1767 guardians were appointed to protect the poor against the parsimony of overseers and other parish officers. Fifteen years later, by what is known as Gilbert's Act, most of the safeguards in the old poor law were entirely swept away. The workhouse was no longer to be used as a test of voluntary pauperism, for by this Act the able-bodied were not obliged to enter it; the guardians were ordered to find work for all able-bodied applicants near their own homes, and to make up out of the rates any deficiencies in wages. The same fatal policy was continued, and was brought to a climax in 1815, when, by a statute known as East's Act, the workhouse test . . . was altogether removed. After the passing of this Act no one, not even an able-bodied labourer, was called upon to enter the workhouse, and justices were empowered to make money grants to people at their own homes.

“The extent to which the industrial classes were demoralised by these relaxations of the poor law soon became only too evident. The most pernicious influence was exerted not only upon the poor but also upon their employers. Every agency which could most powerfully promote pauperism had been brought into operation : men were virtually told that no amount of recklessness, self-indulgence, or improvidence would in the slightest degree affect their claim to be maintained at other people’s expense. If they married when they had no reasonable chance of being able to maintain a family, they were treated as if they had performed a meritorious act, for the more children they had the greater was the amount of relief they obtained. . . . Thus, if wages in any parish were below what it was thought would provide a reasonable maintenance, the local authorities were empowered to grant an allowance in aid of wages. . . . By the joint operation of all the baneful influences just described, a most alarming demoralisation was produced . . . that the necessity for some radical reform became generally recognised. After having to contend with much opposition from those who supposed themselves to be interested in the abuses of the old system, an Act was passed in 1834 . . . generally known as the New Poor Law. . . . It will be useful to recount some facts which were brought to light by the Royal Commission of 1832. All the general objections which have been urged against the relaxation of the general checks upon voluntary pauperism were strikingly corroborated by specific facts. In some districts outdoor relief was granted to the able-bodied upon so liberal a scale that pauperism became a very remunerative employment. One of the assistant commissioners who visited Eastbourne found that paupers who worked were paid at the rate of 16s. a week, whereas the average wages in the district were only 12s. The inferiority of the independent workman’s pecuniary position was so notorious that this commissioner actually heard two women complain that their husbands would not better their lot by becoming paupers. In North

Devonshire and in many other parts of England so large an allowance was granted for each additional child that the more numerous a man's family was the better his circumstances became, and in this way an artificial stimulus was given to population. The habits of improvidence which were thus fostered produced evils which could not be at once removed. A father cannot be improvident without teaching a lesson of improvidence to his children. Moreover, where there is a surplus population the labourer can only secure a minimum remuneration for his labour, or, in other words, he simply receives subsistence wages. It can, therefore, cause no surprise that in many localities where the abuses of the old poor law were most rife we find that the supply of labour is STILL SO MUCH IN EXCESS of the demand that agricultural labourers until quite recently often received not more than 9s. or 10s. a week, and now only obtain 12s. a week (*a*). The subject presents equally melancholy aspects from whatever point it is viewed. Pauperism often came to be regarded as a paying profession, which was followed by successive generations of the same family. Thus, the commissioners tell us of three generations of the same family simultaneously receiving relief, and the amount they drew from the parish exceeded £100 per annum. As a natural consequence of the parish authorities being enjoined to find work at remunerative rates of wages for all their poor, the feeling soon became general that pauperism was no disgrace, and that the allowance which was obtained from the parish was just as much the rightful property of those who received it as the wages of ordinary

(*a*) "We can well remember when the ordinary wages of agricultural labourers in Wiltshire and Dorsetshire were not more than 7s. or 8s. a week."—*Fawcett*, p. 134.

So also his labour was most terribly monotonous. "There are many labourers still living who, during twenty years of their life, spent ten hours a day during ten months of the year in thrashing with a flail. . . . He passed his life as a machine, and it was impossible that an active intelligence should be preserved through such ordeal."—*Fawcett*, p. 54.

industry. Indolence was thus directly encouraged, and a spirit of lawlessness and discontent resulted. The cost of pauperism grew constantly greater, rates so rapidly increased that it became evident they would soon absorb the whole fund from which they were provided. . . . In some districts the rates absorbed more than remained of the produce of the toil after all the expenses of cultivation had been paid. The commissioners tell us that many farms were given up, that several of the clergy relinquished their glebes, and that much fertile land was thrown out of cultivation. They mention one parish—Cholesbury, Berkshire—in which the whole land was offered to the assembled paupers, but they refused it, saying they would rather continue on the old system.”—*Fawcett*, p. 579.

After continuing his review, Mr. Fawcett concludes with a warning which the well-to-do working man of to-day might well take to heart, as he more than any, in the increased competition it causes, suffers from a lax administration of the poor laws.

“No greater misfortune could happen to the country than if we again relapsed into a lax administration of the poor law, and outdoor relief were generally freely given. Poverty would be indefinitely increased, and on all sides agencies would be brought into operation to depress the condition of the labourer. The growing burden involved in increasing pauperism would impose a serious tax on industry, and the improvidence which, as we have seen, was fostered in the days of the old poor law would be actively revived with the inevitable result of AN OVERSTOCKED LABOUR MARKET and a rapid decline of wages.”

## CHAPTER XXX.

### THE CONSOLIDATION OF OUR POOR LAWS.

As a nation we have for centuries so far departed from the strict spirit of individualism that we have accepted the position that our necessitous must not be left to starve. In fact, so far have we gone in this direction that the menace is, our race will deteriorate, and the true principles on which our obligations are founded be lost sight of.

But whatever our view may be of the social contract, the fact remains that every year we spend on our poor simply an enormous sum, and as a practical people we desire to get the best return for it possible, and under present conditions we are not satisfied that we do. For some time there has been the growing feeling that our present system of poor relief is unsatisfactory.

We spend much and get little, and even those we relieve get hardly more (*a*). In fact, on every hand it is agreed reform is necessary, and it would seem that what, above all, is wanted is that there shall be no more patching of new cloth on an old garment, but that some comprehensive national scheme should be substituted for the parochial system now in

(*a*) And by our system of outdoor relief, and the aggravation it causes of sweated labour, it is by no means clear we do not cause as much suffering as we cure.

force. The four essentials of our requirements to-day are :—

1. Consolidation of our poor laws ;
2. Co-ordination of our various altruistic machinery for the relief of distress ;
3. Effective differentiation of the assisted ;
4. And the bringing into line with our public charities our private benevolences, which, through indiscriminate giving, cause so much harm.

This last head can only be grappled with indirectly by our satisfactorily dealing with our poor generally, and satisfying the public conscience that those in need of assistance are best dealt with in the ways provided by the nation as a whole.

The one thing above all to be desired is that we deal with our poor as a whole, and the last thing to be desired is the introduction of new agencies. The ends proposed may be excellent, but the same evils are present in all. There are too many organisations to do the same thing. They are inefficient—not one nearly approaches ordinary commercial efficiency. Many are corrupt, all have extensive staffs of officials, and not the least merit of consolidation would be that we should largely cut down our charges for administration.

So we are agreed one of the best ways of finding work for our assisted is by labour colonies. How can each of our innumerable parishes possibly run its own labour colony ? And can it be wise for the State to do part of their work, institute such colonies in a very imperfect manner, and again administer



them with yet another set of officials? The State should be responsible for the whole from beginning to end. It is not that we sweepingly condemn the parochial system. When introduced it was a marked improvement on the then existing methods, but it has simply failed to keep pace with the requirements of the nation. But its principle was right. Its principle was the principle upon which we want to act. Just as it unified the chaotic charities of those times and consolidated them into parishes, just as it effectively dealt with the vagrant, mendicant, and sturdy vagabond, as he was styled, so we again want to reduce to order the chaotic state of the charities of our time, and deal with our poor not only sympathetically, but stringently and effectively (*b*). In its inception. and for many years, the parochial system was admirable. In those early days, when London was practically as far from Manchester as New York now is, local life was the distinguishing feature of society, and it was essential that the destitute should be dealt with locally. And so, as the destitute were usually identified with their locality, it was deemed well to keep down expense,

(*b*) "We shall get at our subject most directly by inquiring, Why is it that the labourer works at all? Clearly, that he may eat. If he may eat without it he will not work. The neglect or contempt of this very obvious truth by the British Parliament during the latter part of the eighteenth and the early part of the nineteenth century brought the working classes of the kingdom almost to the verge of ruin, created a vast body of hopeless and hereditary pauperism, and engendered vices in the industrial system which have been productive of evil down to the present day."—*Walker's Political Economy*, p. 358.

by making those pay for their support who had knowledge of them, and could be made responsible for them. But with the introduction of modern facilities these conditions have passed away, and it would take less time in many cases to transmit a pauper from Land's End to John o' Groats to-day than to send him back to his own parish in bygone years.

And so exactly as consolidation was the necessity of those times, even more is it the necessity of these. Our medical charities overlap, our public and private charities overlap, our national and parochial charities overlap. Surely it is time to end this confusion, and the waste and inefficiency, the invariable result of confusion (*c*). And just as we are agreed that for a certain section of our assisted labour colonies promise best, so are we equally agreed that our present system of poor relief is by far the worst. We do not wish to madly change from one to the other at vast expense, but if we are to have labour colonies at all, why should we not have efficient ones? And what are the conditions we want such colonies to satisfy? The first fact to be noted is that our assisted come from every class of the nation, and include those brought up to every imaginable trade and handicraft, and even

(*c*) And, in addition, we have the unhappy feeling that the idle and vagabond impose on our charity, and the worthy and deserving are not properly cared for.

"In the division of voluntary contribution, the lot of the honest and virtuous poor is seldom equal to that of the impudent and obstreperous beggar."—*Bentham's Theory of Legislation*, p. 131.

profession (*d*). Therefore it is imperative, if we

(*d*) WORKHOUSE INMATES (OVER TEN YEARS OF AGE) AT  
CENSUS OF 1901 (*e*).

<i>Males.</i>					
Clerks	-	-	-	-	1,079
Coachmen and grooms	-	-	-	-	1,848
Carmen, carriers	-	-	-	-	1,546
Seamen	-	-	-	-	2,052
Dock labourers	-	-	-	-	2,355
Agricultural labourers	-	-	-	-	9,469
Gardeners	-	-	-	-	1,232
Coal miners	-	-	-	-	1,570
Blacksmiths	-	-	-	-	1,381
Carpenters, joiners	-	-	-	-	2,274
Bricklayers	-	-	-	-	1,212
Bricklayers' labourers	-	-	-	-	1,397
Painters, glaziers	-	-	-	-	2,487
Cotton operatives	-	-	-	-	1,218
Tailors	-	-	-	-	1,594
Shoemakers	-	-	-	-	3,061
Costermongers	-	-	-	-	1,521
General labourers	-	-	-	-	22,129
Other occupations	-	-	-	-	31,287
Without specified occupation or unoccupied	-	-	-	-	16,151

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106,863

<i>Females.</i>					
Domestic servants	-	-	-	-	15,630
Charwomen	-	-	-	-	8,176
Laundry and washing service	-	-	-	-	4,554
Cotton operatives	-	-	-	-	2,128
Tailoresses	-	-	-	-	1,245
Milliners and dressmakers	-	-	-	-	1,642
Shirtmakers, seamstresses	-	-	-	-	2,814
Costermongers, hawkers	-	-	-	-	1,159
Other occupations	-	-	-	-	7,681
Without specified occupation or unoccupied	-	-	-	-	32,220

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77,249

Total male and female - - - 184,112

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(*e*) *Chiozza Money, Riches and Poverty*, p. 271.

are to deal with them successfully, that we find each and all, as far as possible, such work as he can do best. This the workhouse system does not even attempt, but it is a thing the nation can do with ease. The larger the number dealt with collectively, the simpler the problem becomes. And we can so deal with large numbers. Our railway facilities are such that distance in our little islands is of no moment whatever.

For three reasons it is imperative to thus find each the work he can do best. First, we wish to enable him to maintain or regain his proficiency, so that having been tided over a period of distress, he may be fitted to return to civil life at the earliest possible moment. Second, we wish to leave as little excuse as possible for continuing our present system of outdoor relief to its present extent. If a man is in need of aid, it is much better for us to keep him under our own eye and where he can be taught habits of hard work at the same time. So we have also seen that, directly or indirectly, such relief is prejudicial to our poorest worker who would remain independent. And, third, we wish him to do something useful towards maintaining himself. Because his labour is of a low order, that is no reason why we should not try to get as much out of it as possible. But this can only be done by using it to the best advantage. It should be directed by the best brains and developed by the best machinery and most up-to-date methods of the country. We must never forget that, thanks to science and machinery, the efficiency of labour has been enormously increased. Thus we have already noted that the unit

cost of labour in Scotland is 6·9*d.* as against the 28·7*d.* of unassisted labour. This, again, points to the fatuity of continuing a system in which it is impossible to take advantage of our progress. We must not limit ourselves to finding employment in only a few directions. For those anxious to work on the land it is well that land should be provided. In itself land promises the least results. There is so little scope for the use of machinery. Whatever is done on land worked on a small scale has to be done mostly by hand, *i.e.*, as we have just seen, has to be done at a cost per unit of over 28*d.* (*d*), as against that of 8*d.* or 9*d.*, the average cost of the machine-assisted labour of the United Kingdom. No doubt spade labour gets the utmost out of the land; we want to get the utmost out of the worker(*e*). So in the ordinary conditions of life, to provide a man with a garden, which he will work when otherwise he would be idle, would be clear gain in money and morals to the community. But here we are considering the collective employment of our poor, the finding them work which will

(*d*) This figure even included some considerable amount of machine-assisted labour.

(*e*) "Under large farming labour can be made to work with greater efficiency, capital can be applied with greater effect, the most complete machinery can be used, less land will be wasted in useless hedges, and thus large farming tends to make labour and capital more efficient. The advantages which have been here attributed to large farming mainly refer to the cultivation of corn and the breeding of sheep. In the growth of various other products, and especially in dairy farming, many most important advantages are associated with small farming."—*Fawcett*, p. 69.

give the best results. If a man could work a machine it would be throwing away power to put him to hoe potatoes. So afforestation schemes may provide an outlet for labour which cannot be usefully applied to anything else; but surely by a little thought some more profitable occupations might be found.

But though the cultivation of the land would not be the sole occupation of the colony, still it would be a very considerable one, and it would be very desirable that all the land required, or likely to be required, should be purchased all at once, not necessarily for immediate use, but to prevent difficulties and complications in the future. Land worth a few pounds at present would be worth many times the amount when it had a population running into thousands on or near it. Therefore abundance of land should be acquired, and if fairly bought it would be a good investment. Certainly it ought to be bought as a whole before its being wanted for colonies had given it an added value, and then its possession by the nation, used or unused, would involve no loss and be but a matter of book-keeping.

As regards locality, other things being equal, it might be desirable that it should be by the sea. An enormous, cheap, and excellent food supply is to be obtained from fisheries, and the cultivation of these would be both healthy and profitable. Nor would it be necessary to buy the best agricultural land. Preference might well be given to much of the wild and cheap land at present hardly in use.

For the reasons already given we do not want the colony to be an agricultural one, as agriculture least readily lends itself to the use of machinery, and therefore to the efficiency of labour. Probably market gardening, and farming on a small scale for its own wants, might be a staple industry, but it would be limited to such as gave the best business results.

As regards the institution of such colonies, they would, of course, have to be most carefully thought out as a whole from the very first, but there would be no need for the nation to forthwith make and develop them at enormous expense. In fact, for the nation to spend large sums in doing the work would defeat the very end in view—that of finding suitable and profitable employment for the State-aided. The whole of the development of the colonies should be by themselves alone, and the slower it was the less poverty it would show there was in the country. The transition from the work-house to the consolidated system would be gradual, and as the one grew the other would die out.

And by careful thought there is not a doubt that from its first inception all the labour done on it might be useful, then as it became more completely developed it would become of still greater value, as it would give more opportunity for the use of the diversified labour to which we have referred. At the outset the very roughing out of the colony would afford exactly the work our aided could best do. The railway and other approaches to the colony would have to be made sooner or later, and

then there would be sheds to erect for the accommodation of the workers until more permanent buildings could be built. So the laying-out of occupation roads until more pretentious ones were required, the draining the land and cleaning it, and such work as might well be done in supplying some of the garden produce for the workers, would find the further occupation that a low-class labour could do. After its first initiation, the colony would be developed by steps. Some raw materials would have to be supplied by the nation; but in the selection of a site there should be an eye to good strata of clay or other substitute, so that from the very commencement the colonist might dig his own clay, burn his own bricks, make his own drain-pipes, and build his own houses, workshops, halls, churches, and other public buildings. So he would complete his own roads, make his own tramways, lay his own sewers, and manufacture and distribute his own electric light, fuel, gas, and water, in addition to carrying on the farming and market gardening to which we have referred. Each department could be completed at such times as there was any special distress in those trades in the country itself, or as from time to time certain classes needed assistance. Of course much of the labour of the colony would be needed for providing their own food and clothes, and supplying their day-to-day wants. Thus, as regards the food supply, the nation might well provide the wheat and oats and barley, and cereals generally. When these are produced on farms miles in extent, where labour-saving machinery is



reduced to a science, it would be a heart-breaking waste of power setting the colonist to produce them by hand. But the work he could do, the manufacture of them and making them ready for consumption, would be well left to him. So the nation might possibly have to supplement the meat supply and other luxuries, such as tea, coffee, cocoa, etc., but the bulk of his food the colonist could beneficially find for himself. He could catch his own fish, breed his own animals, cultivate his own beet, make his own sugar, manage his own dairies, brew his own beer, and grow his own tobacco. He could run his own poultry farms, do his own market gardening, and grow his own fruit. Thus he could supply, if not all, a very large amount of his own food. So as regards his clothes, furniture, and household necessities generally. If the nation provided the raw material—the timber, the iron, the cotton, the jute, the wool, the hemp, and the flax needed—the working of them up might well be done in the colony itself. Much of this would find work for those who would otherwise have nothing suitable to do, and at the same time some of it might be economically satisfactory, as there are qualities of homespun cloths which are simply unequalled. We should not wish to lose labour which could be made more productive by putting it to make in ones what machinery can make better by hundreds. Thus, we should not want boots hand-made by the pair, though at the same time the marvellous efficiency of some factories could not be dreamt of. Probably a halfway result might be

obtained where the simpler kind of machinery could be used and more be so turned out than merely by hand. But as regards this and all their work, it must be remembered they would not be competing against the world, but simply supplying their own wants (*f*).

(*f*) As a fighting machine, in competitive markets, a man may be of little value; as a producer he retains a high value until a comparatively late period of life. Thus, at page 340 of his *Dictionary of Statistics* Mr. Mulhall gives the value of an able-bodied man to the commonwealth, as follows:—

Age 10	£117	Age 40	-	-	£212
„ 15	192	„ 50	-	-	168
„ 20	234	„ 55	-	-	138
„ 25	246	„ 60	-	-	97
„ 30	241	„ 65	-	-	46
„ 35	228	„ 70	-	-	—

These figures Mr. Mulhall gives on the authority of Dr. Farr. He says they are often called in question as being too high; but, he adds, the best authorities in the United States and Australia set even a higher value on an able-bodied emigrant. For instance, he says (p. 246): “The great value of the emigrants is their work. . . . In Australia it is found that each emigrant, big and little, increases the revenue by £4 yearly. In the Argentine Republic the influx of 800,000 emigrants in twenty years ending 1883 was accompanied by a rise of £4,800,000 in the revenue, say £6 a head. But it is in the United States where the value of immigration is most apparent. For example, a group of 200 persons settled in 1858 on the territory now known as the State of Colorado, and in 1880 there were 1,220 miles of railway, 14 daily papers, 190,000 inhabitants, real and personal estate valued at nine millions sterling, and agricultural products worth £700,000 a year; in 1886 the value of property in Colorado had risen to 27 millions sterling. . . . In Canada the agricultural capital rose from 140 millions in 1861 to 343 millions in 1887, and as immigrants formed 30 per cent. of the population, they are entitled to take credit for that share of the increase, say 61 millions. Agriculture constituting only 50 per cent. of the wealth of Canada, the

No doubt to get the best result would demand high powers of organisation, but this the country could easily supply.

In addition to cost being reduced by raw material being bought at the lowest market prices, such prices could themselves be simply checked by reference to the day-to-day prices given in every commercial journal. This would do much to lessen opportunities for fraud or corrupt practices (*g*).

Then much of the more expensive poor-law machinery—that connected with indoor relief—could be entirely done away with, as well as a considerable portion of that required for outdoor relief. With proper methods for dealing with our assisted generally, all other agencies would be immensely relieved and simplified. To a certain extent, local

total accumulation due to immigrants will be 122 millions sterling.” Mr. Mulhall then gives the following table of emigrants, their nationality, and accumulation between the years 1850 and 1888 (p. 247):—

Emigrants.	Mean Number Abroad.	Accumulation Million £.	Per Head £.
English	1,200,000	410	342
Scotch -	250,000	95	380
Irish -	1,520,000	411	270
Germans -	1,700,000	452	266
Various Nations	2,296,000	460	200
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TOTAL -	6,966,300	1,828	261

“It is a coincidence,” he adds, “that each emigrant accumulated in the last 38 years about £260, and that this is the precise value set by some writers on each able-bodied adult.”

(*g*) “The Poplar inquiry resulted in a reduction from £200,000, the amount it stood at in 1906, to £143,000 in 1908.”—*Daily Mail*, May 19, 1909.

centres would have to be maintained for the purpose of dealing with current cases of distress; but as regards many of our poor helped with outdoor relief, it would be better if they were effectively seen after and taught habits of work in such colonies. So, again, poverty and crime are so intimately connected that it would be a question for practical consideration whether such central relief work could not be well looked after by a department of our police (*h*). They have already all the facts at their disposal, and it seems a waste of power having two bodies to go over much of the same ground. So later on we shall discuss the question of the police having power to send to such colonies all mendicants and vagrants and other people unable to give a satisfactory account of how they earn their living (*i*).

No doubt sentimental objections may be raised to sending all, good and bad, to the same colony. But, as we shall see, such colonies in themselves would afford the greatest possible scope for differentiating between those who need assistance, and

(*h*) In the United States, where the poor law provisions are somewhat insufficient, many found relief in prison which they could get nowhere else. The warden of the King's County Gaol, 1899, made this statement:—"Men are constantly being committed here in large numbers who have been charged with no crime. Over 50 per cent. of the commitments of these institutions are for vagrancy—the crime (?) of being out of work and homeless. I am convinced from seeing the efficient work of some of these men while here that they never would be here could they have secured employment outside."—Cited in "*Unemployment*," by Perry Aiden, p. 6.

(*i*) Thus giving effect to the suggestion of Bentham, as to which see note at end of chapter.

do what we will we cannot get rid of actualities. If people need assistance they do need assistance, and no sophistries can change the fact. As regards following up such assistance with legal disabilities, that is another matter, and not necessary. Those actually in such colonies certainly should not have a vote, but we should desire those who left them to be in every way fully qualified citizens, and with the same rights as other citizens. Far be it to wish that any disqualification should follow them because they had once been in need of aid. So as regards name. It is difficult to alter realities by a mere change of name, but if the stigma of pauper could be so removed we might call those who needed such help "State assisted" instead.

But the advantage of uniformity of treatment is so great as to more than counterbalance such objections, and this cannot be secured by the innumerable diversified agencies now in existence. Not the least reason for the State taking over our poor law administration and treating it as a whole is that it is impossible to make any partial experiments without their being at once swamped by the loafers of the whole kingdom, so that we never really know the extent of an evil, as in this world many a loafer plays many a part. So, above all, what we have to remember is, if we once make our labour colonies at all satisfactory, it will lessen every other difficulty. In fact, were they run on such lines as to satisfy many of our too benevolent, we might possibly end much of the promiscuous private charity which does so much to pauperise, and

increase the numbers of our worthless, and acts so oppressively on those who would remain independent (*k*). Then also, if we were to reduce to system the remainder of our charities, we might, whilst effectively dealing with our undeserving poor, do much to reduce our expenses at the same time.

(*k*) One of the greatest evils of the day is the ill-judged charity of well-intentioned but foolish people, and in the records of our Charity Organisation Societies we learn the disastrous results of indiscriminate giving; it simply fosters a breed of rogues and impostors. For one deserving person relieved ten rascals are helped, and many a teetotal philanthropist is the publican's best friend. I recall an instance which is fatally instructive. In one time of distress £5 in marked shillings were distributed. Later on, to continue the good (?) work, the local publican was asked to give change for another five pounds in shillings. He did so, and more than £4 of the original coins came back.

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### Note.

Our proposals are much on the lines of those of Bentham, to whom we are greatly indebted. The question of the poor he fully dealt with, and strongly advocated that their concerns should be vested in one authority, and so little confidence had he in public management that he would have had this authority a joint stock company—much on the lines of the then East India Company—but under complete national supervision.

His whole scheme is indicated with exactest minutiae, of which the following will serve as an example:—

“Advantages of having the houses on a large scale, and thence from having them few: (1) Saving in the matter of salaries, as the instance of such officers as there must be, one

to each house, be the house ever so small, yet not more than one, be the house ever so large, such as governor, matron, medical curator, chaplain, &c. (2) Ditto in regard to subordinates, where the whole of a man's time must be paid for, though there is business for no more than part; the smaller the establishment the oftener this loss may come to be repeated. (3) Saving in the article of building, in the instance of such apartments, of which there must be one for each of the officers. (4) Ditto in regard to such, of which there must be one at any rate for each house, viz., inspector's lodge or officers' common room in the centre, kitchen, surgeon's room, chapel, &c. (5) Ditto in respect to a walled yard attached to the strong ward. (6) Ditto in respect of utensils necessary to every house, but which need not be multiplied in proportion to the population of such houses, such as clocks, house door lamps, ladders, &c. (7) Saving in the article of vessels, the proportion of matter to capacity diminishing as the vessels are enlarged, as in kitchen boilers. (8) Advantage in respect of the faculty of carrying the *division of labour* to the higher pitch, the greater the stock or hands. (9), (10) Advantages by making purchases and saving refuse of all kinds on a large scale. (11) Advantage in respect of the securing for good management, by attracting the greater share of public notice and attention, *e.g.*, on the part of travellers, topographers, &c."—*Bentham's Works*, Vol. VIII. p. 374.

We might well give more than this short extract, but the whole of his writings should be studied by those interested in poor law reform. The principles he enforced are as true to-day as when he wrote, though needing modification to meet modern exigencies. Thus, as we have seen, he primarily believed in a comprehensive system. We think this principle should be applied to modern conditions. In his day distances were great and travelling wearisome. With us distance practically does not exist. Therefore, by still more largely extending the size of the labour colonies we can

still further benefit in the ways he has indicated ; above all, in finding each the work that he can do best. In his scheme he included provision for the infirm and insane as well as for the poor, and also he provided for the vagrant and mendicant generally. Anyone found out of work and begging he proposed to send to such houses, to be detained there until some responsible person would find them employment. On their leaving such employment without satisfactory reason they were to be sent back to the same house and again detained. To secure the best efforts of all he was of opinion that if the work were useful and therefore interesting a sufficient sanction for enforcing the rules would be found by their food being made dependent on their efforts. At the same time he desired that they should receive practical education in what they did, and more particularly so in the case of the young.

As regards Bentham, two things must never be forgotten which distinguished him from other theorists. He was intensely practical, and his scheme for dealing with the criminal class, on similar lines to that for dealing with the poor—who, undealt with, he was satisfied, soon swelled the criminal class, and who, properly controlled, became productive members of society—had for its main feature that it should be undertaken by a contractor and that he himself should be such contractor. The whole matter had been carried through by the Legislature, and was alone killed by the stubbornness of George III., who had an inveterate dislike to Bentham on account of a pamphlet he himself had written under the *nom de plume* of “Partizan,” and which, innocently, Bentham had roughly handled.

As Bentham’s whole fortune had been expended in preparation for putting his proposals into execution, on his scheme being finally rejected his claims were referred to arbitration, and he was awarded £30,000 compensation for his losses. The second reason why we must respect this mighty genius is, that one cause why so much of his writing



is out of date is that the abuses he attacked, and which take up so much of his works, he attacked so successfully that he practically destroyed them. Thus, if his remarks on kings seem extravagant, it is because to-day we have only reason to be grateful to an influence which has always in our time been used for promoting the best ends of the nation. If his scathing attack on law and procedure causes a smile, it is that so much has been done to remedy evils he so forcibly pointed out. So, as regards the excessive punishments of the past, the substitution of a more rational system is mainly due to his powerful invective. Many, no doubt, were appalled by their inhumanity, but he demonstrated their futility. So, generally, many of his principles as regards the treatment of the criminal as well as of the poor have become part of our national life, and it seems to afford the best possible chance of success if we go a step further, and follow his suggestions and reduce them to practice.

## CHAPTER XXXI.

## FURTHER CONSIDERATIONS.

IN addition to consolidating our system of poor relief, and co-ordinating our charities, our next essential is to be able to effectually differentiate between the various classes to be assisted. And the very merit of such comprehensive methods of dealing with our assisted poor is that it would enable us to do this also with the utmost success. In the first place, one of the most valuable functions of such colonies would be that they would practically become the clearing house of labour for the whole kingdom. One of the chief duties of the officials would be to keep an eye on the labour markets of the country with a view to finding the aided employment as rapidly as possible. All assistance rendered ought to be with the one eye to getting a man back to ordinary life as rapidly as possible. And it would have a further advantage. How far such aided were acceptable or not to employers at large would be a very fair test as to how far the colonies were doing their work satisfactorily. Many a contractor will tell you that men employed by local boards and municipalities are no use to them, they work so half-heartedly, and that it takes them at least a fortnight before they can do a fair day's work. We want nothing of this in the

colonies. We want a man to be trained to do his utmost. Make the hours as short as you please, but high pressure when at work.

Perhaps a special department would be that for dealing with the young sent from the cities who, through inability to find work, rapidly sink into the unemployed and unemployable. These could be detained sufficiently long to be properly taught a trade and habits of hard work, and as some compensation to the nation for having to keep them, a system of compulsory military training could be combined with their other duties. The colony itself would afford them the exact sort of work they should do, and they could be kept out of mischief in their leisure hours by their military training. By twenty-one they ought to be very efficient citizens indeed, and such as would be welcomed into any workshop in the kingdom. If the conditions of restraint and supervision were not what they exactly liked, so much the better. We do not desire all our unemployed youth to flock to the colony. We have mentioned twenty-one as the limit of age. After twenty-one a man has a right to think and act for himself.

Again, in addition to the facilities the colonies would furnish for getting men back to the work they could do, they would by their very size and extent make it a simple matter to effectively differentiate between the workers when in the colony itself (*a*). In fact, the more satisfactory the

(*a*) The problem is well stated by Mr. Alden :—

“In the present day it is not so much lack of sympathy as

colonies the more effectually we shall be able to discriminate between those wanting help. By a system of promotion we could not only favour the better workers, but at the same time reduce our number of officials. If we made those who could be relied on foremen and overseers, and as such granted them additional privileges, we could not only give them a legitimate object of ambition, but also secure a higher standard of efficiency (*b*). The two main forces to ensure the best work from all would be hunger and the love of authority. The one would be the driving power of the lower class assisted, the other the spur of the better dispositioned. In our present workhouses it is impossible to get the best work out of the inmates who mostly, apart from being inefficient, are incorrigibly lazy (*c*);

lack of knowledge that is the obstacle to reform. The great complexity of the unemployed problem causes it to be neglected by many of the very men who would be most inclined to help if they only saw the way out. It is surprisingly easy to confuse the honest unemployed with the vicious vagabond and wastrel, and there are still many who cannot escape from the feeling that while the best men can get work, to make work for second-rate men is not only extremely difficult but economically unsound.”—*Unemployed*, Percy Alden, p. 4.

(*b*) See note, p. 267.

(*c*) Mr. Percy Alden well classifies the “unemployable” as—

“(1) Criminals, semi-criminals, vicious vagabonds, and the incorrigible lazy ; in a word, all able-bodied men who refuse to work or are refused work owing to defect in character.

“(2) The physically and mentally deficient.

“The latter may be divided into four other classes :

“(a) The aged.

“(b) The physically weak and maimed, including the blind, lame and deaf, and men with weak hearts.

but in the labour colonies it would be another matter altogether. A varying scale of dietary has been found a sufficient goad to the industry of the most indifferent, and in some American prisons has proved adequate to maintain the strictest discipline without any other punishment whatever. If the Divine law—if a man will not work neither shall he eat—be rigorously enforced, few other penalties need be resorted to. To begin with, we could afford to all a liberal scale of feeding, including beer, tea, cocoa, coffee, etc., as well as tobacco. If this were the fare a man could secure by simply doing his best, whether his best were good or bad, and he found, as he relapsed into idle habits, that first one and then another luxury was denied him until he was reduced to dry bread and water, and when further he had no opportunity of bullying or cadging on others to supplement his meagre fare, and when his ordinary channels of supply—the aid of the foolish charitable—were stopped at the source, it is not improbable that before long he would desire to be restored to the good graces of his fellow-men.

Another powerful means of control would be the absence of money, as in our present workhouses.

“(c) Epileptics.

“(d) Weak-willed inebriates and the mentally deficient.”—*Unemployment*, Percy Alden, p. 17.

Class (1) could probably be made productively effective. As to Class (2), the aged are provided for; but where there were multitudinous requirements they could also be made useful, as well as those in (b). Those in (c) and (d) are dealt with by the nation independently.

Everything would be provided and there would be no occasion for its use. Those who behaved well would not want it in the ordinary routine of their daily life, whilst those who broke the law would find it difficult to avoid the consequences of their misdoings. They could neither beg, borrow, nor steal from their more industrious fellows, nor compel others to work that they might be lazy. The one passport to a good meal would be their own industry and their own industry alone. One of the privileges attaching to the office of foreman or overseer might be that it would entitle its owner to receive a small sum on returning to civil life. It would not be as savings; it is illogical to speak of any man making savings when the country is spending anything from £10 to £20 per annum on his maintenance; it would simply be as a premium to get the best work out of him, and out of all, that was possible. No doubt some one will object to the absence of money. They will contend that those who work, especially those who work well, should not only not be paid no wages, but that they should be paid the trade union rate of wages. The very object of providing labour colonies, they will say, is that they may earn wages with which to keep their wives and families. Further, it will be urged that for a man to work hard and receive only his keep will mean his giving more than he receives, and estimated at current prices will mean that the country will get its colonies laid out, built, and developed at less than cost.

As regards the first objection, when a man can

keep himself it is time to talk of his also keeping his wife and family. When we have to do the keeping we prefer to do it directly and make certain they get all the benefits we provide, rather than indirectly and pay him wages to use or misuse as the case may be. So as regards the second objection the answer is, we only wish it might be so; but even granting it were, the community, as representing those independent of State aid, would be very glad to be rid of both colonies and those they have to assist as well. They may prove an asset of value, but it is not an asset they ever wanted, and it is one thing to pay trade prices for an article one desires and another to pay it for an article one does not; and, apart from such considerations, the fact remains that to maintain and run such colonies has cost very many millions which could have been far more enjoyably spent in other directions by those compelled to contribute. However much such colonies might lend themselves to the payment of wages, it is the one thing to be avoided in principle and also in practice.

As a community we would purely, solely, and without any hope of gain, run such colonies entirely as a matter of charity. It is no part of our duty as an individualistic State to provide work or pay for those who cannot provide for themselves, and we would do so solely out of benevolence and not in any way as conceding a right to anyone to have work found him. Thus we will treat each individual case solely on its merits. If a man has to be relieved, we will relieve him; but we shall

expect in return as much good work as he can give. If a woman has to be relieved, we will relieve her on the same conditions; and if children have to be relieved, we will also see after them, and we will do so quite independently of any family relationship existing between them.

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### **Note.—The Financial Aspect.**

Roughly, how much per head might we expect our assisted to cost us in such colony?

The items of cost would be: Land, water, food, fuel, raw material for buildings, etc., and raw material for dress, etc., and for carriage and administration.

Taking our first item—land. We should not want rich land, nor city plots, nor suburban sites, nor land enhanced in value by proximity to large towns, but land such as has been sold at £15 per acre. We could choose our site with a view to cheapness, and the population would soon give a respectable value. But let us allow £50 per head, and buy as much as we can for the money. At 3 per cent. the annual cost would be about 15*s.* per head, and for this we should get well over an acre or even two acres per head, as land in Kent with a good road frontage has been sold within the last few months at less than £30 an acre.

As to the cost of water. The Croton (New York) Waterworks cost £2,000,000, those of Madrid £2,300,000, Marseilles £450,000, Glasgow £1,550,000, Liverpool (Vyrnwy) £2,200,000, and Manchester £2,300,000. These work out



at a capital charge of well under £8 per head, or an annual charge of less than 5s. Its service, of course, would be done in the colony itself.

Next as to the item for food. Various estimates have been made for its cost in bulk, roughly apportioned as follows:—Grain, £1 5s.; meat, £2 5s.; sugar, 12s.; dairy and poultry, £1 12s.; potatoes, 10s.; tea, coffee, 5s.; liquor, £2; sundries, £1 5s.; total, £9 14s. These are approximate only, and where some were greater others would be less.

The colony should, by their own manufacture and production, save as follows:—On grain, —; meat, £1; sugar, 12s.; dairy, etc., £1 12s.; potatoes, 10s.; liquor, £1 5s.; sundries, 15s.; total, £5 14s., with a further considerable saving by the consumption of fish. This leaves the amount to be supplied by the nation somewhere under £4 per head.

Fuel is the next important item. In a new city, projected and laid out on the most scientific principles, we should not be guilty of our present system of wasting coal, and an allowance of 20s. to 30s. per head for domestic and factory purposes should be sufficient.

For the raw material for clothing, furniture, etc., an allowance of another pound per head would seem adequate.

The raw material supplied for building purposes would be in the nature of capital expenditure, and would have to be provided for by a sinking fund. It might take the form of a capital advance of £33 per head, the annual charge for which would be £1 per annum. Then in addition there might be other etceteras to be provided, such as carriage and transport facilities, which we might allow at 10s. per head. The total of these items, with food, amounts to somewhere about £8 per head per annum.

As we have said, the only return we should get would be the gradual development of the colony. It would have the merit that it would avoid all complications of State-aided labour competing with ordinary labour, although if it was desirable to reduce cost by producing articles which could be

sold it would seem that the cultivation—not manufacture—of tobacco and of beet for the making of sugar could be earmarked for such colonies without doing injury to any existing business.

Still, as our poor now cost anything from £13 to £14 per head direct, if we could reduce their maintenance charge to something about £8 we should not be wholly dissatisfied.

## CHAPTER XXXII.

### POVERTY IN RELATION TO CRIME.

WERE we to at once return to a purely theoretical examination of our subject, we might possibly be inclined to quarrel with ourselves for even contemplating such an extensive departure from first principles as is involved in the comprehensive schemes of State aid that we have been discussing. Could anything be more contrary to the true spirit of individualism? But one thing is not contrary to the true spirit of individualism, and that is the getting for our money the utmost return possible. If we are compelled to spend vast sums every year on State aid, at least let us make that State aid as efficient as we can. A few months' experience of State aid under present conditions is quite long enough to develop the full-blown pauper in all his glory. We want conditions where, in the same time, we can restore vigour to a man's mental, moral and physical condition, by finding him plenty of suitable and useful hard work. We want the conditions such that the man who leaves the colony will be a far better man in every way than when he entered it.

We would go further, and take powers to send to such colonies all mendicants and vagrants, and every able-bodied adult who could not give a satis-

factory account of how he was earning his living. In this manner we would give effect to the very practical suggestions of Bentham, to which we have already referred in our note on page 92, where we deal with his views on this subject. By thus anticipating evil we might prevent a great deal of crime, and it is much better for a man to be sent to such colonies before he has broken the law rather than to be sent to a penal settlement after so doing. Probably our penal settlements would also be more effective if with due provision for security they were run more on the lines of such colonies. But, as with our colonies, so even more with our prisons, a man's personal comfort ought to be made dependent on his efforts to do well. And this can be secured through the scale of dietary more effectively than in any other manner. In the colonies we would commence by feeding all on the most liberal scale and would only take away one item of food after another, until nothing but bread and water were left, for laziness or other positive misbehaviour. In our prisons we would do the reverse. We would commence with simple bread and water, and let the prisoners by their exertions add to their fare. We would also find them useful and sensible work to do, and would pay them for it, so that out of such pay they might purchase better food for themselves. The immediate appeal to their sensual appetite would be a stronger incentive to good work than the deferred and, at first, hardly appreciated advantage of lessening their term of confinement. So it is well that every punishment

should be sharpest at its beginning to inspire a just dread of undergoing it. So much is this so that in a certain limited class of cases many criminals would be far more effectively dealt with if a considerable portion of their penalty took the form of corporal punishment. If this were followed up by teaching them habits of work, we might hope some of our prisons would justify the name of reformatories as well.

But such punishment ought only to be inflicted by tried and experienced judges of the High Court. It is not a power that ought to be entrusted to any less august tribunal. The infliction of corporal punishment is the last outrage on a man's liberty, can never be undone, and ought only to be by order of the highest officials in the land—the representatives of the Crown itself. We do not think such disciplinary power ought even to be exercised by our recorders, and most certainly not by magistrates, either lay or paid. But that such punishment should form a part of our criminal code in some form or other seems desirable. Some ruffians are absolutely undeterred by any other form of punishment. So, as regards wife-beaters, and those cruel to children, they would be far more effectively deterred from a repetition of their offence by a good thrashing than by anything else (*a*). In

(*a*) So far as drunkenness is the cause of neglect or cruelty, magistrates certainly ought to have power to order offenders to be total abstainers from all intoxicants for a definite period. Nor ought habitual drunkenness nor a previous conviction be essential to the exercise of this power.

fact, it would not be a bad general working principle that whoever inflicted bodily suffering on others should be punishable with—not necessarily punished by—bodily suffering in his own person. We certainly do not wish to see any return to the barbarous punishments of the past, but the first principle of every punishment is that it should be dreaded and effective. Laws may be good or bad; but, good or bad, they should be rigorously enforced. If they are bad, change them; but do not allow them to be winked at. Nothing is more destructive of happiness than a spirit of lawlessness, and the observance of law alone secures all that makes life best worth living (*b*). Thus, if it is proved that our present prison discipline fails to prevent a man breaking the law, vary it until it does. Whether a long period

Breaking such order might then entail the more serious punishment, and aiding or abetting should be visited with substantial fines. To prevent joint perjury, it would be well to relieve the principal offender of some of the consequences of his lapse from virtue on his proving that others had assisted him in falling. The way to prevent the joint action of rogues is always to make it to the interest of the one to sell the other, as rogues will do if it pays. Thus, with secret commissions it would be far more effective to make it a crime the receiving only, and to give the payer power to recover his bribe back with penalties, like any other common informer, rather than regard them as equally guilty. In this case give immunity to the rogue who would most profit by his treachery.

(*b*) These remarks equally apply to the owners of motor-cars. That they should flout the law as they do is an outrage on the nation. The speed limit may be foolish, possibly is, but any man who has deliberately broken the law should be made to rue the day that he deliberately breaks it a second time.

of penal servitude or a sharp initial punishment is the better may well be left to the proved discretion of our judges.

At present our police have very complete methods of identifying those who have passed through their hands, and a quiet supervision on their part might well be extended, not only to those who have fallen, but to those who, from want of means or want of occupation, are in danger of falling. With our colonies sympathetically and effectively managed, with no stigma attaching to any aided in them, we might effectively grapple with our criminal class, both actual and potential. And, we must remember, every man saved from being a criminal is a double gain to society. One more on the side of law and order, instead of one more against. By thus striking at the root of crime we should much diminish the arduous and unpleasant duties of the police, and we might find in them instead a valuable body for assisting those in need of aid, and helping them locally until such time as they could reach a colony itself. By this means we could still further cut down administrative charges. Poverty and crime so overlap that both would be more effectively dealt with by practically the same men. Experience has satisfied us that, though not to be humbugged, no one is more genuinely sympathetic in cases of real necessity than our police officers. In thousands of instances it will be a positive satisfaction to them to know that not only can they protect society, but they can also alleviate distress.

## CHAPTER XXXIII.

## THE HOUSING PROBLEM.

ALMOST as important as what to do with our poor when destitute is the housing of them in our great cities when at work. But the subject is so large that here we can only briefly indicate some of the difficulties in the way of dealing with it. Premising that our remarks are mainly limited to the housing of the working classes in four or six-roomed houses, or in some a little larger, we may here give a slight sketch of how our towns are generally developed.

The first step is usually taken by the land jobber, who, if he thinks there is sufficient demand for houses in any locality, will buy his land there by the acre. This he will plan and lay out with roads and sewers, and he will then sell it to builders in lots, usually with advances arranged either by himself, a solicitor, or some building society or bank, as may be the custom of the locality. But before committing himself to an estate, he has to be satisfied the demand is such that the rents obtainable will give him and his builders their reasonable trade profits. In every estate the one all-important factor is, will the houses let at a satisfactory rental? This is the great risk that has to be faced in every new venture. If they will so let, it will prove highly profitable; if they will not so let, the loss



will be as serious. So important is the question of letting that relatively the first cost of the land is almost a secondary matter. A shilling a yard on a field, or £250 an acre, is hardly more than an addition of £6 per lot on the capital value of the houses when built. This is a mere bagatelle compared with the letting being good or bad. An extra £500 per acre even will not be a serious matter if the letting is good. The extra rental required to pay interest on the extra £12 capital cost would be less than fourteen shillings a year, or a fraction over threepence per week (*b*). Thus it is

(*b*) Mr. Money points this out very clearly: The respective parts played by land and capital in such a scheme should be carefully noted. If a municipality acquired land at £100 per acre, and laid out roads and sewers at a cost of £400 per acre, and erected upon each acre ten houses costing £280 each, the total outlay per acre would be £3,300, and per house £330. How little a considerable variation in the cost of land affects the result will be realised from the following table:—

Cost of Land per Acre.	Cost of Land per House, 10 to the Acre.	Costs of Roads, Sewers, &c. per House (£400) per Acre.	Cost of Building House.	Total Cost of each House and its Land.
£	£	£	£	£
50	5	40	280	325
100	10	40	280	330
200	20	40	280	340
300	30	40	280	350

—*Riches and Poverty*, p. 213.

The insignificance of the cost of the land is still more marked where some three or four times the number of houses are built. Mr. Money also realises the futility of municipi-

that estates where land has been very dear in the first instance, but where letting has been good, have done exceedingly well; whilst other estates, where letting has proved bad, have sufficed to ruin everyone connected with them, though the land has been purchased at a give-away price in the first instance. Of course every item of cost in the end, affects the ultimate result and has to be carefully considered; but, generally speaking, the first cost of the land is not the most serious item in a building estate. Where it does become serious is where a jobber buys land which does not prove to be ripe and he has to hold it to mature. Then the interest on land so held increases first cost to a terrible amount, besides blocking up a very great deal of capital. The next serious matter a jobber has to consider when entertaining an estate is the building requirements. These largely vary in different localities, according to the policy adopted, and may easily mean a difference of ten or fifteen pounds in the capital cost of building a house, or even more where extreme views are held by the building authority. This alone shows a difference equal to that between dear land and cheap land. No doubt there is a very proper objection to the ordinary speculatively built house, and what the public and their representatives would like are large roomy well-built houses and very low rents. But, as a matter of fact and a matter of business, such houses are only

palities rebuilding out of rates. To do any good the money must be derived from other sources—by gift, as at Bournville, or nationally, as suggested by Mr. Money.

to be obtained in the pleasant and imaginary town in the country of "Erehwon." In these islands jobbers and builders no more work for philanthropy than other traders, and at the same time neither are their average profits greater than those of other traders. Hence the question is not, Does the public want large cheap well-built houses (which undoubtedly it does, like many other good things), but which does it prefer—well-built houses and higher rentals or worse-built houses and lower rentals? Or the question may be put in another form: Which is most desirable, a small house well built or a larger house worse built? The answer to this by all with limited incomes will depend on the size of the family to be accommodated in it.

What jobber and builder strive to provide is the most attractive house they can for the money. If large and cheaply-built houses are in demand, they build such; if a smaller and prettier house with more up-to-date accommodation will take, they provide it instead. Now, provided sanitary conditions are complied with, and adequate air-space provided, it would seem that communities would do well to largely allow the demand to regulate the supply, more especially as the upkeep of the worse-built houses falls on the owner. But unnecessary requirements only result in adding to the cost of the building, with the necessary consequence of fewer houses and higher rents.

But in developing an estate by far the most serious question of all is, What are the rates? An extra 3*d.* a week for rates, except that it does

not block up capital, is as serious as an extra £500 an acre in the first cost of the land. The houses have to be built in competition with those already in existence, and these have to fix their rents solely by the demand. Thus, for a time the rates may be so high that the rental return is wholly unremunerative. Those already committed have, of course, to face the loss as best they can; but neither jobber nor builder will build new houses until a remunerative rental is obtainable. Thus building stops until the population becomes so congested that the rentals rise sufficiently to cover the rates as well. Thus, in the result there is no more potent check to prevent the building of new houses than high and increasing rates. This has a most serious influence on the practice of communities themselves trying to provide housing accommodation for the people. In the first place, they cannot build as cheaply within fifty per cent. as the so-called jerry-builder; and, secondly, their rebuilding operations are rarely conducted under business conditions. Hence, all such undertakings are almost invariably carried out at a loss, with the result that the deficiency has to be made good out of the rates. But exactly to the extent to which they increase the rates, they stop building until such congestion of population takes place that a proportionately higher rental may be secured. In other words, whilst providing housing accommodation with one hand, they are restricting its natural development with the other. Thus, as a policy, the general rebuilding of cities by the communities does not seem desirable nor

likely to lessen the evil of overcrowding. On the contrary, it promises to aggravate it and make conditions worse. Of course, there may be exceptions where other considerations demand the destruction of insanitary property. Probably the most successful course would be to insist on a minimum of cubic space being required, and thus force the people out to the outskirts, and leave individuals to take care of themselves. We have referred to this in dealing with our underpaid to show how we think it might be brought about. But under present conditions of raising money for local requirements, the policy of communities finding housing accommodation is a doubtful one. Other considerations may justify improvements. A beautiful town with a high level of rates and a high level of rentals may be preferable to a dirty ill-kept one where rates are small and rentals low. On the other hand, as far as housing the people is concerned, the wisest policy of communities seems to be to keep down expenses and interfere no further than absolutely necessary. Give all possible freedom and security to jobbers and builders, and they will overrun rather than under-supply the demand. And this will tend to solve overcrowding in the heart of cities more satisfactorily than any other way. As more attractive houses are built in the suburbs, as greater facilities are found for getting there, so the less desirable older houses will always have a tendency to become less in demand, when their rentals will fall and bring them within reach of a humbler class of tenant. Thus the natural course is the best; give every pos-

sible facility to private enterprise, and you will do much to remedy overcrowding. On the contrary, harass with needless conditions and useless requirements, and you will as certainly aggravate the evil.

So particularly should there be no remaking of contracts by the Legislature. From the first step to the last, from the sale of the agricultural land to the letting of the finished house, every individual connected with a building estate either is himself, or has the professional assistance of, the smartest of smart business men, and each and all of them know exactly what they want far better than any politician or agitator can tell them.

If the jobber or builder takes land on lease, they do it with their eyes perfectly wide open, and the price is fixed to a penny in consequence. Freehold or leasehold land is purely and solely a matter of book-keeping. In many a case the jobber has voluntarily elected to have leasehold land because it requires less capital to work the estate. So, whether he sells the land in lots to his builder for a lump sum or an annual payment, it is again a matter of hard bargaining between the shrewdest of business men. But just as considerations of capital often lead a jobber to prefer leasehold estates, so for the same reason the builder either buys the land for a ground rent, or having bought the land for a lump sum, sells a ground rent to third parties. A builder's business is to build. What is essential to him is to keep his capital free, and block up as little of it as possible in every lot. Annual payments are less serious to him than blocked up capital. These

are met by rentals coming in based on a considerably higher rate of interest than what he has to pay for the use of his capital, whilst blocked up capital means his having to suspend building until sufficient rents come in for him to start again. Thus when he has built his houses, the one thing above all he desires is to raise on loan upon them the utmost amount possible. The more he gets the more widely he can extend operations. The usual course of business is for him to borrow on mortgage of his property. This he has valued, and as a rule he can obtain a loan of two-thirds of the valuation. Thus if the valuation be £3,000, he would obtain on mortgage £2,000. But the enterprising builder used to find that by first selling a ground rent to issue out of the property, and then by borrowing on mortgage subject to such rent, he could obtain more capital. Thus, instead of simply borrowing £2,000 on mortgage, he would first sell a rent of £40. This used to be regarded as a gilt-edged security, and before agitation smashed its value, he would obtain anything up to twenty-seven years' purchase for it, or say in this particular example, £1,050. This deducted from the £3,000—the original value of the property—would leave it worth about £1,900, on which he would perhaps borrow about £1,200. In this way he would be able to raise some £2,250 instead of £2,000. From the public's point of view this was desirable, because the more readily he could borrow the more he would push on with his building operations, and the more houses would be built for their accommodation.

But when a general air of insecurity affects all property having connection with land, when an investor never knows what form of security in land may be next singled out for the attacks of envy and theorising, such rents become unmarketable. Make the purchaser of the rent secure in his purchase, and he is content to give the builder as much as £2,700 for every £100 receivable as annual income; but introduce an element of doubt, and you simply kill the market. The builder does not care to sell for £2,200 or £2,300 a rent for which he ought to get £2,600 to £2,800, and a buyer does not care to give £2,700 for £100 a year to-day when to-morrow it may be cut down to £90, or even less. "Why should not the owner of the ground rent bear his share of rates?" is asked by people ignorant of the facts. Simply because he was content with so low a return that it might be certain. But why should he not bear his share of increased rates? For the same reason—it was a matter of contract he should not. And, further, whilst the owner will, in the long run, be compensated for any additional rates he may have to pay by the increase in rental that must take place, the owner of the ground rent will have no compensation whatever, and what is taken from him will be pure loss. And who benefits? No one benefits, and every one suffers from a feeling of insecurity. The builder is hampered in his finance and has to curtail his business, and his workmen have fewer jobs; the investor is forced abroad to find other securities, the public have fewer houses built, and in consequence higher rents to



pay, and the natural development of cities is seriously checked.

Nothing is more illustrative of the unwisdom of interfering with individual enterprise than matters connected with the development of towns. Have regard to the sanctity of contract, secure landowner, jobber, builder, mortgagor, ground-rent purchasers in their contract rights, and capital will pour into the business, and the supply of new houses will be more than the most sanguine philanthropist could expect or hope. Invade the principles of individualism, let the community think it knows more about people's business than they do themselves, and ground rents become unmarketable, mortgagors are chary of lending, builders are crippled for capital, jobbers find their estate hang fire, and instead of supply outrunning demand, it is only a hard demand that can command the supply.

If we would do something effective and more rapidly for the improved housing of our people, it can only be done by money being provided from independent sources. It is no use attacking or even confiscating present property, as it only kills enterprise and frightens away capital for the future from such plague-marked spots. But if the one part of the community is prepared to make some sacrifice for the sake of the other part, there is no reason that a steady and gradual improvement should not be effected. For, assuming that by charity, or by levy on the rich trader, or even by national contribution, a large sum could be maintained for the improvement of cities, we should be

at once making the building trade a favoured industry, and therefore tempting to capitalists and builders to embark in.

Thus, suppose every year a certain amount of slum property were destroyed and turned into gardens and playgrounds for the people, we should have a pressure put on the next best houses in the neighbourhood, which would be felt by those next in order until in continually widening circles we should come to the outskirts where building would be very brisk, provided the trade was not foolishly harassed.

No doubt by thus finding money at the centre, so to say, unlimited good could be done. So, to prevent similar evils of overcrowding in the future, it would be a wise regulation to forbid more than twenty-five houses (*c*) at most being built on an acre of ground. Provided this principle were adhered to, the greatest latitude might be allowed to individual jobbers in laying out their land and roads in what they considered the most attractive manner. If, then, in addition, all possible facilities of access were provided, we might consider we were on a fair way to solving the problem of the housing of our people.

(*c*) *I.e.*, twenty-five four-roomed cottages. If larger, fewer in proportion.

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### **Note.**

In one respect the law of real property might be amended with some advantage to the public and with no loss to the

owner. To-day what are known as easements over property are acquired not only by contract but by presumed contract. When an easement has been enjoyed continuously for 20 years, the law is that a contract granting the right in perpetuity is to be presumed. This is a most absurd presumption and most prejudicial to the public. Many a good-natured landowner would be willing for others to share in the enjoyment of his estates but for the ever-present menace that if, without taking great precautions, he suffers the practice to continue a few years, what he allows through kindness to-day may be soon demanded as a right in years to come. Without altering a single existing right in property, the law well might be that no easement whatever should be acquired except by deed; and if it is the public that are to acquire the right, such deed ought to be publicly enrolled to make owners perfectly secure, and there will be less need for them to ever jealously guard their rights.

No doubt another strong reason against giving too great freedom to the public is that our country is growing sadly overcrowded, and there is a tendency to abuse the privilege when granted. The true lover of his fellows will, in their interest, enforce the duty of respecting private property. Then further privileges might well be permitted. When, on the contrary, the popular teaching is that property is an invention of the evil one, and to be trampled on with all his other works, naturally owners object to an invasion of their premises on any terms whatever. We have shown the accumulation of savings and the creation of property was due to individual effort; it would seem its preservation is to be also due to the same cause—individual proprietorship.

## CHAPTER XXXIV.

## PROGRESS.

HERE let us briefly summarise our conclusions. And, first and foremost, no reforms are practicable which invade the fundamental condition of our life, our personal liberty. As Britons, we one and all demand the utmost freedom to order our lives as we will, and we have no desire to surrender our right of action to the despotism of an autocrat or the despotism of the community (*a*). We resent

(*a*) In considering our institutions, we must never forget that as a people we are entirely different from all other nations of the world. The origin of our institutions is to be found deep down in the roll of time, and this not only influences us as a nation collectively, but finds effect in each of us as individuals. Whatever our nominal politics, practically we are intensely conservative, and with reason. We have not reached our present acme of greatness after a past of which we are ashamed. On the contrary, we glory in our history of bygone years. It is the history of the freedom of the world. We do not want to pluck up and destroy. The most we desire may be to prune excrescences and strengthen the growth of the whole, and it must be along lines of natural development. Our characteristics were well summarised by Bacon. Speaking of the felicity of his great mistress, Elizabeth, he said: "It should likewise be considered over what kind of people she reigned. For had her empire fallen among the Palmyrenians, or in soft, unwarlike Asia, it had been a less wonder, since a female in the throne would have suited an effeminate people; but in England—a hardy, military nation—for all things to be directed and

any unnecessary prying into our affairs, whether by the official of a monarch or the official of our neighbour. We admit such supervision may possibly be very good for us, but nevertheless we equally resent it. But if any class of the nation demand that the community shall be answerable for their welfare, it can be conceded on the one only term that the community shall have the direction of their actions. We repeat, "Give me, whether as State or individual, control of a man's actions, and then, and then only, will I be responsible for his well-being."

Let what national responsibility really means be frankly and fairly stated, let it be clearly shown that it must be accompanied by a limitation of personal independence, and there is not a doubt it would be scornfully rejected by every free man in these isles. Therefore on these lines progress is impossible, as contrary to the genius of our people. And were it possible, it is doubtful if it were desirable. What is the goal to which we would progress, go forward—the true meaning of the word? To make our race a better one; to make it in each unit stronger, better, more independent,

governed by a woman, is a matter of the highest admiration. Yet this temper of her people, eager for war and impatient of peace, did not prevent her from maintaining it all her reign" (*Essays, &c.*, p. 483). And the characteristic of our Elizabethan ancestors was the characteristic of their Norman, Saxon and British forbears, and with little change is the characteristic of our race to-day. We may enjoy a piping peace for a time, but gradually the old Berserker fury of our forefathers comes over us and war we must and will have. Sheathe our sword for ever? It is not in the race.

more self-reliant, more self-restrained, more self-denying, more manful to fight the battle of life. The one thing we do not want, the one thing to be dreaded, is the increase of the unfit. It is oaks we want to grow, not brambles. Therefore we say the virtues that are the fruit of effort are far more desirable than the same virtues secured by compulsion. And it is because our virtues, such as they are, are spontaneous, that as a race we are proverbial for being at our best when in a tight corner. We have a doggedness and an initiative for which we can find a parallel only in the ancient Roman himself. We are a strong race, and if we are to continue to play our part in the theatre of the world we must remain a strong race. The effete and played-out have no part in this strenuous age. Thus, as regards progress, our first essential—an essential about which every measure of improvement circles—is the improvement of the unit, the enforcing the responsibility of the individual.

The second essential of progress, the very root of individualism itself, is to secure a just payment for services rendered. Let this be our goal, and our compass is set right however difficult it may be to reach our port.

We have seen that the multitude of daily transactions are in the main just, and that people willingly pay for the services they receive. But there are at the two extremes, injustices which need serious attention. At the one end of the scale are those underpaid, and whom society treats unjustly; at the other those overpaid, who rob society. As

regards the underpaid, we have considered those forces which tend to make their position so hopeless. We have seen that to attempt anything on their behalf involves a life and death struggle with Nature's laws themselves. We have seen that nothing is easier than a wild indulgence in philanthropy, but nothing more disastrous. For the reasons we have given it seems possible that we might do them some benefit if we limited their hours of work to a reasonable number, organised their labour, and made compulsory a uniform rate of wages (*b*), so as to prevent their being used as a counter in the competition of masters with one another. Further, we also seemed to think that it might be possible to fix such uniform wage at a minimum which might be a shilling or two a week higher than at present rules, provided that at the same time we took precautions for such extra wage being spent in desirable ways, such as extra housing accommodation. We also saw that to increase such earnings and allow it to take the hitherto invariable result of merely adding to the numbers of the unfit, is simply cruelty in the guise of kindness, and adding to the evil and not remedying it. In thus trying to raise the earnings of the underpaid we have the consciousness that we are infringing no principle of individualism, the very essential of which is fair pay for fair work. Therefore we can with more confidence devote ourselves to this reform, satisfied it ought not to have any ulterior disastrous

(*b*) We do not mean the same wage—this is disastrous to the infirm and aged—but a uniform graduated wage.

results. We admit we are very near dangerous ground, but there is in principle all the difference in the world between trying to secure the worker fair pay for his work and making ourselves responsible for such worker entirely. We have seen there are certain laws which tend to unduly depress the price of certain labour. Can we effectively counter such law without doing more harm than good? So it must be remembered we do not suggest some fancy rate of wage, but such rate as the whole nation would unanimously agree not to be too large, and secondly, such an amount as will not kill the industry itself. Then further, as we have said, we suggest an advance of only one or two shillings at most at first, and even this increase we think should be accompanied with provisions ensuring its being expended satisfactorily.

As regards the overpaid, we have seen that they, in their way, furnish as serious a question as that of the underpaid. It seems almost a law of Nature that like gravitates to like, equally whether it is matter or money. It is serious enough when only fair practices are indulged in. But when unfair practices are resorted to they threaten the very existence of society. Such offenders ought to be ruthlessly dealt with, and all extortion of money, or robbery of the public by unjust inflation of prices, ought to be regarded as a serious offence. Our existence as an individualistic society is at stake. Individualism must destroy trusts, or trusts will destroy individualism. But whilst unjust inflation of prices is so serious, it by no means follows that



the largest earnings are any proof of unfair practices. Where every item of a transaction is just, where every transaction of a mighty business is just, then the whole, the result, must be just. So in life exactly is the converse true, and no system is other than pernicious, however laudable the goal it proposes to attain, if it is only to be reached by individual steps of lying, hatred, envy, malice, and every appeal to all the worst passions of mankind (*c*).

That capital, in its functions of enabling one worker to sell his labour at a far higher price than another, is a matter for serious consideration, and that a more equal payment for equally earnest work is desirable is generally admitted; but, at the same time, that such is not to be secured by any violent changes has been equally demonstrated. We have seen that a vast amount of the nation's income is earned by joint producers, or by the conjunction of masters and servants assisted by property. And we have seen in free conditions of trading that practically—

- (a) The wages of the servants are determined by their competition amongst themselves;

(c) “Another observation is the remark so often repeated that it is not just to argue against the *use* of a thing from its *abuse*, and that the best instruments do the most harm when misemployed. The futility of this argument is obvious: it consists in calling the good effects of a thing its use, and in stigmatising the bad effects as its abuse. To say that you ought not to argue from the abuse of a thing against its use is to say that, in making a just appreciation of the tendency of a cause, you ought to consider only the good and not the evil it produces.”—*Bentham's Theory of Legislation*, p. 439.

- (b) The profits of the masters are determined by their competition amongst themselves ;
- (c) And the charges for the use of property are determined by the competition of its owners to have it used amongst themselves.

That is, that fundamentally the earnings of all three classes are more or less independent of those of the other classes. The earnings of the servants are largely governed by the numbers of those competing, and however the issue may be confused, there is no class who will so bitterly rue any measure that increases the number of the unfit as the servant himself. It may be pleasant having his children educated free, but it means more unfit to compete with. It may be pleasant to have his children fed, but it means still more unfit to reduce his wages. It may be pleasant to have accidents and sickness insured against, but it means still more competition ; and it may be pleasant having his old age provided for, but it means the liberating of so much money to promote still earlier marriages, to still more increase the rivals to reduce his wages. All such adventitious aids reduce to the practical alternative : Would the worker prefer, higher wages to be received and used by himself directly, or to be the recipient of benefits to be indirectly enjoyed ? His level of wage is determined by competition. His receipts are ultimately determined by competition. Whether he receives it all in a lump sum as wages, or partly in wages and partly in the education or feeding of his children, or in pension or other relief for himself, will not affect the total. It

may change the channels of payment, it may sacrifice the provident for the improvident, the self-respecting for the worthless, but it will be no permanent advantage to the worker. Exactly as every good man who voluntarily keeps the law benefits by every one else being compelled to do the same, exactly as every fair dealer benefits by every other dealer being compelled to deal fairly, exactly so does every good father benefit by every other father being compelled to discharge his parental responsibilities faithfully and fully. As individuals we are all interested in the strength and honour and glory of our country, but economically the one above all interested in limiting the number of the unfit is the working man himself.

With his employer he has no quarrel, nor has his employer any quarrel with him(*d*); nor have either any quarrel with capital that is let on hire. Make it secure and its owners will compete amongst themselves for it to be used, until the worker, whether master or servant, can have its use for the most trifling charge per year. To the self-denial and savings of others in the past, labour is enormously indebted. It is such savings that have made labour productive and well paid, and the claim of property is only to a small proportion of that increase to which it has so enormously contributed. Apart from the savings of others, the reward of labour is the barest subsistence.

(*d*) The consumer alone may have quarrel with both. Has employer or servant suffered from the price of coal being forced higher and higher? Each trade is itself, its masters, and its servants against the world.

Apart from savings, forty million people could not exist in these tiny islands. Apart from savings, we should be a miserable, ill-fed, ill-clothed, ill-housed community, where all would be sunk to the same dead level of wretchedness, ignorance, and depravity. In such a community a man earning 30s. a week would be a prince, and a man with a hundred a year as rare as the black eagle in the streets of London. To-day we have over £880,000,000 divided amongst people earning three pounds a week and under. To-day we have a degree of general prosperity and comfort never before known in the world's history. To-day the only limit to our progress and material prosperity is the character of the individual himself. Then, in the light of these facts, let us seek that progress we all desire—not in an uninformed attack on principles and conditions which stand approved by their results, but by seeing to the improvement of the individual himself. And this is not to be done by relieving him of responsibilities; this is not to be done by the community being his nursemaid to see he never gets into mischief, but by teaching him that duty has to be done, and responsibilities voluntarily undertaken have to be discharged.

## CHAPTER XXXV.

### CONCLUSION.

WE have thus cursorily surveyed the various forces which govern society, and on the true appreciation of which all reforms must depend for their success. And so we find that progress does not depend on any brilliant new departure, still less on any violent social upheaval, but on an exact knowledge of existing conditions, their relations one to another, and on an almost tentative advance of one step at a time. Good or bad trade is the resultant of innumerable forces; far more so is progress itself. It is absolutely essential to it that a just balance should be held between what is good and what is bad. Nor is what is good or what is bad a simple matter to determine. They are more often than not matters of degree. Certain evils are absolute evils, as we may take laziness to be; but it is more difficult to find an instance of an absolute good. Thus, to run even an apparent good to an extreme usually causes a reaction which does far more evil than the good advocated ever caused benefit. Possibly a blindness to disadvantages helps to get matters through which otherwise might suffer delay (*a*), but with the result that their being bene-

(*a*) "Boldness is blind: wherefore 'tis ill in counsel but good in execution. For in counsel it is good to see dangers,

ficial or otherwise becomes a matter of simple chance. We have seen that even with so excellent a thing as insurance, if we once depart from true business principles it may become the cause of the very evil we desire it to cure. Hence it is that every innovation ought to be accepted only after the narrowest examination of both principles and details involved. "It is good also not to try experiments in states, except the necessity be urgent or the utility evident; and well to beware that it be the reformation that draweth on the change, and not the desire of change, that pretendeth the reformation"(b). Several dangers are peculiar to democratic states, against which we should be on our guard. One is that the desire of votes may pretend the reformation, and a second that, under colour of reform, one section of the nation may vote for changes from which they get the benefit, and for which another section has to find the money. It is easy to raise expectations, but difficult to satisfy them. No doubt the theory of this world is incomprehensible, why some should be so highly favoured and others so badly treated. It requires little teaching to satisfy those who have not that they are every whit as meritorious and deserving as those who have. Envy needs little cultivation to become a terrific

in execution not to see them, except they be very great."—*Bacon's Essay on Boldness.*

However, there is no great fear of our reforms being much delayed for want of boldness if blindness is the only essential needed.

(b) *Bacon's Essay on Innovations.*

engine of evil, and a Frankenstein monster can well be made of less promising materials than men thirsting for the good things denied them, as they are told, by the wickedness of other people (*c*). In running our special reforms we think we can put the drag on when the pace becomes too hot, but let those who so readily inflame the passions of others remember that it is easy for a man to raise a storm, but that it takes a Christ to rise and say: "Peace, be still."

Things may not be right, but things will never be made better by appealing to all the worst passions

(*c*) "The question of progressive taxation is a nice one in theory; while in its practical application it is beset with the gravest difficulty, arising out of the instincts of spoliation, which are deeply rooted in the human breast—an inheritance from ages of universal warfare and robbery. The appetite for plundering the accumulated stock of wealth, once aroused, may become a formidable social and political evil."—*Walker, Pol. Econ.*, p. 500.

"Those who have the resolution to sacrifice the present to the future are the natural objects of envy to those who have sacrificed the future to the present. The children who have eaten their cake are the natural enemies of the children who have theirs." *Bentham's Works*, Vol. III. p. 17.

"I shall conclude by a general observation. The more the principle of property is respected the stronger hold it takes on the popular mind. Slight attacks upon this principle prepare the way for heavier ones. A long time has been necessary to carry property to the point where we now see it in civilised society, but a fatal experience has shown with what facility it can be shaken, and how easily this savage instinct of plunder gets the better of the law. Government and the people are in this respect like tamed lions—let them but taste a drop of blood and their native ferocity revives."—*Bentham's Theory of Legislation*, p. 145.

of mankind. Nor is it necessary. To-day the forces for good in the country are amply sufficient to carry any reform that can be demonstrated to be sound and likely to prove beneficial. The question is not "what," but "how." Could we solve the problem of our race, could we make our millions healthy, energetic, prudent and strong, it would be done even to the half of our fortunes. And a splendid bargain for us all as well. But what we want is quiet thought and not pretentious, vote-getting, plausible appeals to cheap sentiment. Benevolence is not the peculiar heritage of any party or individual in the State, not even of the demagogue. Some may cant, some may act, some may give of their own substance, some of that of others, but it is not those who make the most profession who usually make the most sacrifice.

Nor, fortunately, does reform depend upon their sacrifice. Nature, in reality, is kinder than she seems. Where discontent is not fostered, where there is absence of actual physical pain, there is far more equality of happiness between the different classes of society than the apparent vast disparity of fortune would seem to indicate. Not that this is to be an excuse for our doing nothing—not that this is to be a reason for our checking one possible real reform; but simply it is a fact to be remembered when we are inclined to think how much better we could have made the world had we been its creator. The law of happiness is the law of individual life. Rightly we shall each be judged by our opportunities; but rightly also each has to work out his



own salvation (*d*). It is a law of Nature that life is an individual fight, and to be satisfactory must be a strenuous, personal fight after higher things. A man carries his own curse or his own blessing in his own person, and no other can answer for him. But how about those cursed in their parents, cursed in themselves, and cursed in their children? And without thought of the consequences we deliberately entertain proposals to increase their number and to perpetuate the evil indefinitely. The question is what real, practical steps have we taken, not what vain, sentimental, imaginary vapourings are we indulging in, to prevent the increase of the unfit? Can any one prophet of the new order to be come forward and say that, thanks to his teaching, even one such unfortunate has learnt self-denial, and knowing the bitterness of his own lot, has determined not to perpetuate it in another generation? And is their position due to the defects of individualism itself? Make the man strong and he will be strong under any system. Let him be worthless and he will thrive under none. And whilst we speak of individualism it is only in theory it exists, for the amount given and spent in the assistance of others is simply fabulous. Not the least merit of individualism is that whilst it develops all the stronger points of a strong people, it gives such free play to altruism. And the danger

(*d*) This the scriptures tell us. It may have a deep and spiritual meaning, but in its primary or surface meaning it is no less imperative. We must learn to stand alone. Others cannot do the fighting for us. How many a parent tries to save his child from the trials that made his life bitter, only to prove how vain the endeavour.

to-day is that it is altruism and not individualism that spells the decadence of our race. Some are full of praise for other systems, some would establish a new order of things, but how many are prepared to reduce theory to practice by themselves first setting an example? The blood of the martyr was the seed of the Church. Why not the wealth of the believer the seal of his faith (*e*)?

Alas for human nature! It is the gold of others he prefers, and his cause loses the power that whole-heartedness alone can give. To successfully found a new religion we must, as has been puntingly remarked, not only preach but practise, and follow in the footsteps of Him who loved so well, even, if necessary, to the cross itself.

At least individualism is an honest system. There is no humbug about it, no assumption of virtues non-existent, no posing, no pretensions, nothing but what it is—self pure and simple. It does not profess to be actuated by high-mindedness. It has no temptation to be charitable with other people's money. It simply, truthfully, and straightforwardly states its position. If assistance is demanded for the needs of others, it does not hide its sentiments. It unqualifiedly objects. It asks, "Why should I, who have earned my money and saved my money, be deprived of my money to supplement the earnings of the improvident and unfit; and more, not

(*e*) "The most powerful means of producing an important revolution is to strike the mind of the people by some great example. Thus, Catherine II. surmounted the popular prejudice against inoculation by trying it, not upon criminals, but on herself."—*Bentham's Theory of Legislation*, p. 434.

only to supplement their earnings, but to actually increase their numbers, to be a still further drain on my resources?" It sees in poverty only evidence of imprudence. It sees that nearly every case of distress is due to the improvidence of the individual himself or his parents. These dealt with, and the few remaining cases of genuine distress, caused by misfortune, would hardly need a second thought, so easily would they be coped with and relieved, not as a matter of duty but by the zeal of benevolence. Certainly it is not a lovable system nor a charitable one, but at least it does not put its supporters in the false position of preaching one thing in public and practising another in private (*f*). If I fight against another's excessive earnings, I fight because I say they injure me. If privileges are going I want them myself. I am selfish to the backbone. I object to institutions which injure me, my child, or my friend. If a man does what I disapprove of, I try to compel him to change because I do not wish those I love to be contaminated. There is no humbug about why I try to interfere with another. I object to a drunken

(*f*) "The case was this: a bigger boy who had a little coat, taking the coat off a little boy that had a larger one, put on him his own coat, and put on himself the little boy's coat. I therefore, giving judgment between them, decided that it was best that each should keep the coat that best fitted him. Upon this the master beat me, telling me that when I should be constituted judge of what fitted best I might determine in this manner, but that when I was to judge whose coat it was I must consider what just possession is . . . and that a judge ought to give his opinion in conformity with the law."—*Cyropaedia*, Book I. p. 16.

man about the streets because I am ashamed my wife or daughter should see the disgusting sight or hear the filthy language. I make no profession of wanting to reform him for his sake—I want to reform him for my own. I want my country strong and powerful, and I hate any policy that increases my responsibilities and the number of the unfit.

And my hatred of others' abuses is a healthy hatred, and tends to the development of the race in right directions. We all wax far more violent over a wrong that touches our little finger than over reforms that would regenerate the age, but which we might have to first put in practice ourselves. And slowly but surely the world has been made better to live in by this continual process of objecting to all that injures ourselves. What, above all, is desirable is that people should be taught what those things really are which injure them, what those things really are which are truly good and worth the having and worth the pursuit.

All this is individualism; but, above all, as we have said, there is the other side of the shield. Whatever our theories, there is a very substantial amount of goodwill to one's fellow-man. Whatever our theories, there are thousands who realise that happiness does not consist in the abundance of the things that one possesses, and whose life is one long discharge of duty as God's almoners of the wealth entrusted to their care. Faithful stewards, their one thought is to use their property in His service. And in their faithfulness they have found their reward—

a sure, great, and imperishable happiness. Their happiness is not built on things that decay, fade, change, or pass away, but on the eternal foundation of the happiness they have brought to their fellow-man (*g*). It has been our happy experience to have known some such. True missionaries of light with little to say, but centres of happy households, their life has been one sunny example of joy in well-doing (*h*). Individualism may be selfishness, but in its fullest development it has every possibility of being as glorious a system as any other Utopia launched upon the world. Like them it demands the perfection of man for its realisation, but unlike them it is pregnant with excellences in the meantime. Whilst the evils of other social innovations are very real and present, and their ultimate perfections very far off and imaginary, individualism as a practical system develops some of the finest and

(*g*) "If the chief part of human happiness arises from the consciousness of being beloved, as I believe it does, these sudden changes of fortune seldom contribute much to happiness."—*Adam Smith's Theory of Moral Sentiment*, Part I., Sect. 2, Chap. V.

(*h*) "With what pleasure do we look upon a family through the whole of which reigns mutual love and esteem, where the parents and children are companions for one another without any difference than what is made by respectful affection on the one side and kind indulgence on the other, where freedom and fondness, mutual raillery and mutual kindness, show that no opposition of interest divides the brothers, nor any rivalry of favour sets the sisters at variance, and where everything presents us with the idea of peace, cheerfulness, harmony and contentment."—*Adam Smith's Theory of Moral Sentiment*, Part I., Sect. 2, Chap. IV.

most sterling qualities in the human race, and in its idealistic possibilities is no whit behind more pretentious imaginings.

“The tenure of property is the fulfilment of duty,” and by such tenure is it held by many of our greatest to-day. Nor is it a far cry to the time when the pleasure of property will be equally found in using it for the best good of all. But to write in the future is a libel on the present. To-day, already, many of great powers accept that they are so endowed for the good they may do. To-day many have proved there is no joy equal to that of being beloved, and to-day there are not a few who have laid hold on the truth that in its highest form selfishness only finds its completest and unalloyed consummation in unselfishness itself. Nor is this inconsistent with the principles of individualism: it is individualism in its final development; it is individualism merged in and become coincident with altruism, and finding in altruism its final and completest expression. This is idealism; but it is not of the imaginings of the dreamer alone, for it has been realised, and is being realised, in our midst even now. And what makes such idealism the more precious is that it is the spontaneous growth of freedom itself. Free to elect between good and evil, man has chosen the better part. This is the end of our desires, the voluntary aspiration for higher things. And freedom and individualism are closely knit together, freedom and individualism are one, and progress is the child of both. Our

liberty we love, our progress we desire, and we close our inquiry with the happy consciousness that the more zealously we maintain the one the more effectually will the other be promoted. Liberty and progress, inseparable and undivided, we blazon both the legend of our race.

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